

# Teacher's Guide

**SAVE YOURSELF!**

**THE PRINCIPLES OF SAVING & INVESTING**

A Video Field Trip From

**PBS 39**   
WFWA-DT ■ FORT WAYNE

Underwritten By

 **Lincoln Financial Group Foundation**

# SAVE YOURSELF!

## THE PRINCIPLES OF SAVING AND INVESTING

### DESCRIPTION AND DVD TABLE OF CONTENTS

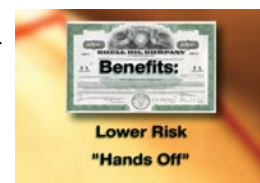


**Save Yourself! – The Principles of Saving and Investing** is the latest production in PBS39's award-winning Video Field Trip series. Aimed at the high school level, this half hour program covers the basics of personal saving and introduces the fundamental concepts of investing.

You'll meet Josh and Kenlyn, two typical students trying to figure out what to do with their money. Kenlyn decided to save and invest her money, while Josh has managed to spend most of his. Josh decides it's time to make his money work for him, and Kenlyn offers some advice and examples of how to start saving and growing his money.



Through graphics and animations, Josh and the viewers learn about simple and compound interest, certificates of deposit, interest rates, stocks, bonds, and many more financial concepts. The comparison between growth and risk is explored with each type of investment option, as well as how these options apply to long- and short-term financial goals.



### DVD TABLE OF CONTENTS

<b>DVD Chapter</b>	<b>Run Time (Minutes:Seconds)</b>
1.0 Open / Why Save?	1:19
2.0 How to Start Saving	3:38
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4.0 Simple and Compound Interest	3:20
5.0 Risk	1:12
6.0 Stocks	6:40
7.0 Bonds	1:30
8.0 Mutual Funds	1:23
9.0 Brokers	2:32
10.0 Start Saving Yourself!	1:40
<b>Total Run Time:</b>	<b>27:00</b>

# LESSON PLAN INTRODUCTION

## **Lesson Plan Introduction**

The following is a lesson plan template that arranges several instructional elements into different categories. Beyond organization, its purpose is to provide teachers with information, content standards, resources, strategies, and other additional elements that will help teachers administer the learning/comprehension of personal finance concepts both presented in and related to topics discussed in the PBS Video Field Trip “Save Yourself!: The Principles of Saving and Investing” DVD.

## **Numbering/Lettering System**

Each major concept is preceded by two numbers (sometimes followed by a letter). The first number represents the correlating lesson plan number (or DVD chapter marker) and the second number represents the concept number of that lesson. For example, in “3.4”, “3” symbolizes Lesson Plan 3.0 and “4” symbolizes the fourth concept of that lesson plan. Occasionally, there will be a letter following the two numbers. The letter represents an enclosed document. For example, in “4.1.a”, the “a” signifies that there is an enclosed document supplied to help teach the first concept of the fourth lesson plan.

**Please note:** The numbering/lettering system was created specifically for these lesson plans and is not the same numbering system as the elements listed in the *Content Standards and Performance Expectations* field.

## **Enclosed Documents**

In the lesson plans that follow, any document noted that is listed in **bold** will be enclosed as a resource for you.

Essentially, these enclosures are **assignments, activities, assessments, or templates**.

## **PBS39 VIDEO FIELD TRIP**

This field displays the chapter marker(s) on the DVD that correspond(s) with the elements provided within each lesson plan.

## **CONCEPTS**

This field contains major concepts found within the noted chapter marker(s) in the *PBS39 Video Field Trip* box.

## **ADDITIONAL RELATED CONCEPTS**

The topics in this field are additional personal finance concepts not discussed in the DVD, but related to the content of the video. These will be displayed in italics, as to separate them from the concepts in the DVD.

## **CONTENT STANDARDS AND PERFORMANCE EXPECTATIONS**

Listed here are content standards that correspond with and/or relate to the major topics noted in the “Concepts” and “Additional Related Concepts” box above. These content standards serve as overall objectives for lesson planning, and include specific performance expectations of students. In theory, these performance expectations are end results. In other words, after a student has learned the specific content standard, that student should be able to do what the performance expectation states. Overall, teachers should interpret these content standards as lesson goals or objectives.

## **VOCABULARY**

This field will contain vocabulary terms discussed in the DVD as well as additional relevant terms associated with the topics listed in the “Concepts” section. These terms can be taught through various instructional strategies, depending upon what is suggested in the following lesson plans or through your own techniques. Vocabulary terms in italics are additional relevant personal finance vocabulary terms, not discussed in the DVD, but related to the content of the video.

As an option for vocabulary preview or review, there are several free downloadable crossword and word-search puzzle creators available for teachers online.

One excellent free software program is *Eclipse Crossword*, located for download at the following web address:

**<http://www.greeneclipsesoftware.com/eclipsecrossword/>**  
(Please note: This is compatible for PC users only)

## **ADDITIONAL RELATED VOCABULARY**

The vocabulary terms in this field are additional terms not discussed in the DVD, but related to the content of the video. These will be displayed in *italics*, as to separate them from the concepts in the DVD.

# INSTRUCTIONAL STRATEGIES

Listed here are instructional strategies for teaching the primary personal finance concepts presented in and related to topics discussed in the PBS39 Video Field Trip **Save Yourself!** DVD. Varying strategies is encouraged, as students learn differently. In the following lesson plans, this field may contain various or different elements, depending upon the corresponding personal finance topic listed in the “Concepts” portion. In the lesson plans that follow, any document listed in bold will be enclosed as a resource for you.

- Direct Instruction
- Warm Ups
- Wrap Ups
- Demonstration
- Board Work
- Worksheets
- Reading and Discussion
- Group Work
- Project-Based Learning
- Class Discussion
- Guest Speakers
- Field Trips
- Review Games
- Oral Presentations
- PowerPoint Presentations
- Interviews
- Solve problems relating to specific content standards and performance expectations
- Incorporate real-life examples into instruction
- Design personal balance sheet and income/expense statements outlining fixed and variable costs
- Evaluate risk of investment using a chart, worksheet, or Excel spreadsheet
- Write a research paper about social security and its role in the future as it relates to personal financial planning

## ***Please Note:***

It is recommended that students maintain a Personal Finance Notebook for documenting appropriate vocabulary, formulas, and important concepts. This will be an outstanding resource for future reference.

## **ADDITIONAL INSTRUCTIONAL STRATEGIES**

This field will provide additional instructional strategies for learning personal finance concepts not discussed in the DVD, but related to the content of the video. These elements are intended for further investigation of concepts or as additional or alternative assignments.

# ASSESSMENT STRATEGIES

Listed below are several assessment strategies for teaching the personal finance concepts both presented in, and related to, topics discussed in the *Save Yourself!* Video Field Trip DVD.

Varying strategies are encouraged, primarily because if students learn differently, they should be assessed differently.

Strategies that may be used include:

- Warm Ups
- Worksheets
- Board Work
- Quizzes
- Tests
- Rubrics
- Teacher Observation
- Class Discussion
- Excel Spreadsheets
- Oral Presentations
- PowerPoint Presentations
- Cooperative Learning
- Project-Based Learning

## **ADDITIONAL RESOURCES**

This field will provide additional resources and/or internet sites that contain relevant information corresponding with the major topics noted in the “Concepts” box of the lesson plans.

## LESSON PLAN 2.0: HOW TO START SAVING

**Save Yourself!**  
**DVD Chapter 2.0:**  
**How to Start Saving**

### **CONCEPTS**

- 2.1** Wants Versus Needs
- 2.2** Financial Planning
- 2.3** Financial Statements
- 2.4** Budgeting
- 2.5** Goals
- 2.6** Spending Plan
- 2.7** "Pay Yourself First"

### **ADDITIONAL RELATED CONCEPTS**

- 2.8** Assets
- 2.9** Asset-to-Debt
- 2.10** Balance Sheet
- 2.11** Basic Liquidity Ratio
- 2.12** Discretionary Income
- 2.13** Disposable Income
- 2.14** Expenses
- 2.15** Fair Market Value
- 2.16** Financial Ratios
- 2.17** Expenses
- 2.18** Income and Expense  
(Cash-Flow) Statement
- 2.19** Insolvent
- 2.20** Investment Assets
- 2.21** Level of Living
- 2.22** Liabilities
- 2.23** Liquidity
- 2.24** Monetary Assets
- 2.25** Net Worth
- 2.26** Opportunity Cost
- 2.27** Personal Finance
- 2.28** Short-Term Liability
- 2.29** Standard of Living
- 2.30** Surplus (Deficit)
- 2.31** Tangible Assets
- 2.32** Values
- 2.33** Variable Expenses
- 2.34** Financial Planning for Retirement

## CONTENT STANDARDS AND PERFORMANCE EXPECTATIONS

- PF 1.1.4** Explain the importance of starting early to implement a financial plan.
- PF 1.1.5** Create and analyze a personal balance sheet.
- PF 1.1.7** Develop financial goals for the future and a financial plan based on one's life style, expectations, skills, and career choices.
- PF 1.1.8** Develop strategies and goals for retirement and estate planning
- PF 1.1.9** Analyze the impact of liquidity, debt, taxes, and economic conditions, such as inflation, cost of living, and geographic locations, on financial planning.
- PF 1.1.10** Identify various traditional and technology resources available for obtaining financial information.
- PF 3.2.8** Evaluate the role of social security related to personal financial planning.
- PF 3.3.1** Develop and modify a personal budget for income, saving, and fixed, variable, and discretionary expenses.
- PF 3.3.2** Compare and contrast disposable and discretionary income.
- PF 3.3.3** Discuss the importance of the concept of "paying yourself first" in relationship to saving for meeting one's financial goals.
- PF 3.3.4** Describe how income, saving, and spending patterns change throughout the life cycle.
- PF 3.4.1** Apply the steps in a rational decision making process to financial decisions.
- PF 3.4.2** Recognize and understand the opportunity costs of financial decisions.
- PF 3.5.4** Plan short, medium, and long-range career goals.

## VOCABULARY

**Wants:** things that are not necessary for survival but that add comfort and pleasure to our lives.

**Needs:** things that are necessary for survival, such as food, clothing, and shelter.

**Financial Planning:** the process of developing and implementing a coordinated series of financial plans to achieve financial success.

**Financial Statements:** compilations of personal financial data designed to communicate information on money matters.

**Budgeting:** a spending and saving plan for using financial resources to meet wants and needs based on your expected income, expenses, and financial goals.

**Goals:** a desired end (usually broken down into short- and long-term) toward which efforts are directed.

**Spending Plan:** a plan for spending and saving based on your expected income and expenses.

**"Pay Yourself First":** a concept in which you consider your savings as a fixed expense rather than a variable expense.

## ADDITIONAL RELATED VOCABULARY

**Assets:** everything you own that has monetary value.

**Asset-to-Debt Ratio:** compares total assets with total liabilities and is a broad measure of a household's financial liquidity (total assets divided by total liabilities).

**Balance Sheet:** a financial statement describing an individual's or family's financial condition on a specific date (often January 1), showing assets, liabilities, and net worth. Also called a net worth statement.

**Basic Liquidity Ratio:** Reveals the number of months a household could continue to meet its expenses from monetary assets after a total loss of income (monetary (liquid) assets divided by monthly expenses).

**Discretionary Income:** the amount of money left after paying for the essentials, such as food, clothing, shelter, transportation, and medication. This amount is always less than disposable income.

**Disposable Income:** the amount of take-home pay remaining after all deductions are withheld for taxes, insurance, union dues, and other reasons.

**Expenses:** total expenditures made.

**Fair Market Value:** what a willing buyer would pay a willing seller for a good (not the amount originally paid for the item).

**Financial Ratios:** objective numerical yardsticks designed to simplify making judgmental assessments of financial strength over time.

**Fixed Expenses:** expenditures that are usually paid in the same amount during each time period.

**Income and Expense (Cash-Flow) Statement:** a financial statement listing or summarizing a person's or family's income and expense transactions that have taken place over a specific period: that is, over a range of time.

**Insolvent:** owing more than you own; having a negative net worth.

**Investment Assets:** include tangible items for the monetary benefits they provide, such as generating additional income and increasing in value. Also called capital assets.

**Level of Living:** one's financial status being actually experienced at the present time.

**Liabilities:** the dollar value of items owed; debts owed.

**Liquidity:** the speed and ease with which an asset can be converted to cash.

**Monetary Assets:** cash and near-cash items that can readily be converted to cash. Also called liquid assets.

**Net Worth:** the dollar amount left when what is owed is subtracted from the dollar value of what is owned: that is, when liabilities are subtracted from assets.

**Opportunity Cost:** the most valuable alternative that must be sacrificed to satisfy a want. Also called alternative cost.

**Personal Finance:** the study of personal and family resources considered important in achieving financial success; thus, it involves how people spend, save, project, and invest their financial resources.

**Short-Term Liability:** an obligation to be paid off within one year.

**Standard of Living:** the plane or content of living that an individual or group earnestly desires and seeks to attain, to maintain if attained, to preserve if threatened, and to regain if lost.

**Surplus (Deficit):** total income minus total expenses where income exceeds (falls short of) expenses. Surplus is also called net gain or net income; deficit is also called net loss.

**Tangible Assets:** physical items that have fairly long life spans and could be sold to raise cash, but whose primary purpose is to provide maintenance of a lifestyle. Also called use assets.

**Values:** principles, standards, or qualities considered important, worthwhile, or desirable that provide criteria for goals, thereby giving continuity to decisions.

**Variable Expenses:** expenditures over which an individual has considerable control.

# INSTRUCTIONAL STRATEGIES

## **Warm Up**

At the beginning of the lesson, distribute **2.2.a Financial Planning and Goals** and allow the students 5-7 minutes to work through this assignment. Remind them to read each question carefully.

## **Direct Instruction**

Direct the students to take notes in their Personal Finance Notebook as you transition into this portion of the lesson. As they're getting organized, it may be beneficial to transition by selecting students to share some of their responses from the Warm Up. If opportunities present themselves, briefly discuss their responses.

To explain *Concept 2.5 Goals* in more detail, continue by describing the four major concepts that underlie financial goals: (1) values effect the actual financial goal, and (2-4) each goal must be specific in terms of amount(s), time frame(s), and must be either short- or long-term. It may be beneficial to highlight specific examples (possibly recall examples that students shared) that are correctly stated financial goals (ones that are written in such a way that cover the four major components).

## **Direct Instruction, Worksheets, Board Work, and/or Group Work**

Use the enclosed document **2.3.a Worksheet Financial Statements** and **2.3.b Worksheet Financial Statements Key** as an outline to introduce, list, and then explain the major elements of the two major financial statements (balance sheet and income/expense statement). Have the students follow along as you work through this sheet on an overhead or on the board.

Be sure to explain the specific equations that relate to these two financial statements. As you fill in the blanks, focus your teaching on the second financial statement, the income/expense statement.

Ask for student input as you discuss several examples of the various types of fixed and variable expenses.

Define the *Concept 2.7 Pay Yourself First* and explain that this simply a way to ensuring that you are saving before you are spending. Emphasize that, as its definition suggests, it is a way of placing savings into your budget as a fixed expense, so that at the end of the month when you don't have any money left you are not confused, asking yourself: "What happened to all of my savings this month?"

Ask students which financial statement most closely resembles concept **2.6 Spending Plan**, which was discussed in chapter 2 of the DVD. If the students answer the income/expense statement, they would be correct. It may be beneficial to take the necessary time to explain that preparing a spending plan is essentially the same as preparing an income/expense statement. Also, to think of a spending plan as a savings plan, even though those words are opposites. The point is to see and know where your money is coming from and going to, in order the better spend and save.

Point out that the phrase spending plan is interchangeable with the following:

- Income/Expense Statement
- Cash-Flow Statement
- Savings Plan
- Budget

Explain that the starting point of a spending plan is keeping accurate records. Records of past income and expenses provide the basis for planning future spending and saving. It is important for students to understand that it may take several years to develop an accurate savings/budgeting system. Remind them that a spending plan is a tool, not a restrictive straightjacket. Correctly preparing a financial statement such as an income/expense statement will help individuals (a) live within their income, (b) use their limited resources for the things they want most, (c) reach their short- and long-term financial goals, (d) prepare for financial emergencies, and (e) develop wise financial management habits.

## **Wrap Up, Worksheet, Board Work, or Group Work**

To close the lesson and for enrichment teaching financial statements, use enclosed documents **2.6.a Worksheet Spending Plan** and the attached **2.6.b Excel Spreadsheets Spending Plan** for practice preparing budgets and allocating savings. See instructions on the enclosed documents for more details. Samples of the attached **2.6.b Excel Spreadsheets Spending Plan** are also included in this chapter, **listed under section 2.6.b, immediately after 2.6.a Worksheets.**

## ADDITIONAL INSTRUCTIONAL STRATEGIES

### **Warm Up**

The following enclosed documents are alternative Warm Up activities for teaching personal finance concepts found in or relating to the concepts discussed in this section of the DVD:

- 2.1.a Wants Versus Needs
- 2.21.a, 2.29.a Level Versus Standard of Living
- 2.27.a Introduction to Personal Finance

### **Class Discussion**

After completing any of the activities listed in the Warm Up field, use these assignments as platforms for classroom discussion.

### **Worksheets, Board Work, and/or Group Work**

Using the enclosed documents **2.3.a Worksheet Financial Statements** and **2.3.b Worksheet Financial Statements Key**, review the major components of a balance sheet. Ask for student input as you discuss several examples of the various types of assets (monetary, liquid, and capital) and liabilities (short- and long-term). It may be beneficial to create lists of these examples in their Personal Finance Notebook. One way to accomplish would be to make it competitive. Give the students one or two examples of a specific type of asset, and then, in silence, allow them one minute to generate a list of as many assets as they can think of that fall under the category of the type of asset you listed as an example. When the minute is up, allow the top student(s) to share their lists. Continue this quick interactive competition until you have covered all three types of assets, monetary, liquid, and capital assets.

### **Excel Spreadsheets**

Attached to this PDF file is a Microsoft Excel document titled: **2.3.f Excel Spreadsheets Financial Statements** containing five balance sheets and five income/expense statements. These are formatted and completed, and may be used in a variety of ways. **Samples of these sheets are also included in this chapter's contents, found in section 2.3.f.**

Feel free to use these spreadsheets in whatever way best supports your lesson goal. For example, it may be helpful to delete the totals, and instruct students to prepare these financial statements from scratch. Or, simply print copies of the completed statements and distribute examples of them from to aid in teaching that spending habits change throughout one's lifestyle. You may even choose to use these after teaching financial ratios as a way to apply these formulas to real-life financial statements. Instead of students using question prompts to solve financial ratios, There are several other ways to use these spreadsheets, so be creative!

### **Worksheets, Board Work, and/or Group Work**

Use the documents as part of this PDF file, **2.16.a Worksheet Financial Ratios** and **2.16.b Worksheet Financial Ratios 02**, for additional practice with financial ratios. These worksheets should not be used unless financial statements and the components of those statements have already been taught.

### **Group Work**

Use financial statements provided in your text or from the internet to practice financial ratios.

Allow students to design personal budgets, balance sheets, or income/expense statements that are applicable to their present financial state as high-school students. Then, after studying how financial goals and statements change through one's life cycle, have them design these same statements as if they were college students and/or adults.

### **Research Paper**

Guide students through the process of studying, researching, and writing a research paper about social security and its role in the future as it relates to personal financial planning.

### **Guest Speaker**

Contact and schedule an actual financial planner from your community to come in and speak to your class.

### **Review Game**

Use the following enclosed documents to play a fun review at the end of the unit or before a quiz or test:

- 2.3.c Review Game Fly Swatter Game Financial Statements 01
- 2.3.d Review Game Fly Swatter Game Financial Statements 02
- 2.3.e Review Game Fly Swatter Game Financial Statements 03

## ADDITIONAL INSTRUCTIONAL STRATEGIES (continued)

Create transparencies from the provided grids and use these on an overhead to project onto a whiteboard or pull-down screen. Separate the class into two teams, where one member from each team takes turns competing against each other in an effort to win points. Each representing player walks up to a table in the center of the room, facing the projected grid so they're able to see the vocabulary terms. On the table are two table bells (these bells can be purchased at Staples or Office Depot) and one fly swatter. As you read the definition of a word or provide an example of one of the displayed vocabulary terms, the students are examining the projected grid to see if they can identify which vocabulary word best matches the definition that you are reading. If they think they know the vocabulary term, they must ring the bell, take the fly swatter to the pull-down screen or whiteboard and swat the correct word or phrase. If they are correct, their team gets one point. If they are incorrect, the student representing the opposite team gets a chance to answer correctly. It is recommended that after you hear a bell, you stop reading the definition or giving the example, even if mid-sentence. Also, from a classroom management perspective, it helps if you do not allow any noises or communication between teams or between each team's representative and the team he/she is on. Winning team receives prizes or extra-credit of some sort on the quiz or test.

This game can be played with any vocabulary term in any lesson or unit, for any subject. Therefore in this PDF file, the following documents are enclosed for this activity:

- 2.0.a Review Game Fly Swatter Game Template
- 2.0.b Review Game Fly Swatter Game T-F
- 2.0.c Review Game Fly Swatter Game A-B-C-D

With these template documents, you can use these to place vocabulary terms or concepts of your choice, therefore allowing you to have specific control over the terms or concepts you are choosing to teach or review.

## ADDITIONAL RESOURCES

Website	Information to be found
<a href="http://www.ameriprise.com">www.ameriprise.com</a>	advice on financial planning
<a href="http://www.accra.org">www.accra.org</a>	cost of living data
<a href="http://www.asec.org">www.asec.org</a>	tips on reaching financial goals
<a href="http://www.cfb-board.org">www.cfb-board.org</a>	information on financial planners
<a href="http://www.conferenceboard.org">www.conferenceboard.org</a>	data on the economy
<a href="http://www.epinet.org">www.epinet.org</a>	budget guidelines
<a href="http://www.federalreserve.gov">www.federalreserve.gov</a>	financial and consumer information
<a href="http://www.fidelity.com">www.fidelity.com</a>	financial planning advice
<a href="http://www.fpanet.org">www.fpanet.org</a>	information about financial planners
<a href="http://www.lowermybills.com">www.lowermybills.com</a>	on-line bill paying
<a href="http://www.money.cnn.com">www.money.cnn.com</a>	financial planning advice
<a href="http://www.money.com">www.money.com</a>	financial planning advice and calculators
<a href="http://www.pueblo.gsa.gov">www.pueblo.gsa.gov</a>	personal finance information and legal protections
<a href="http://www.quicken.com">www.quicken.com</a>	financial planning tools
<a href="http://www.smartmoney.com">www.smartmoney.com</a>	financial planning advice
<a href="http://www.wageweb.com">www.wageweb.com</a>	salary data
<a href="http://www.worth.com">www.worth.com</a>	financial planning advice

## 2.0.a Review Game > Fly Swatter Game Template


**True**

**False**

**A**

**B**

**C**

**D**

## 2.1.a > Warm Up > Wants Versus Needs

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

1. Use the entire page to create an extensive word web (concept map) listing all of your wants and needs. Be sure to group similar concepts, items, and elements together. When you are finished, take two different colored markers and browse through your entire web, circling your wants in one color and your needs in another. After you are finished, count up the totals and compare the two numbers.

## 2.2.a > Warm Up > Financial Planning and Goals

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

**1.** Describe one short-term goal you have that will involve personal financial planning and management efforts. Be specific both in terms of dollar amounts and the projected dates by which the goal is to be achieved. Then, create a brief list of the values from which your goal developed.

**2.** Describe one long-term goal you have that will involve personal financial planning and management efforts. Be specific both in terms of dollar amounts and the projected dates by which the goal is to be achieved. Then, create a brief list of the values from which your goal developed.

**BALANCE SHEET**

for \_\_\_\_\_

as of \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**INCOME/EXPENSE STATEMENT**

for \_\_\_\_\_

from \_\_\_\_\_ to \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**BALANCE SHEET**

for \_\_\_\_\_ (name)

as of \_\_\_\_\_ (specific date)

\_\_\_\_\_ (assets)

\_\_\_\_\_ (monetary/liquid asset)

\_\_\_\_\_ (tangible.use asset)

\_\_\_\_\_ investment/capital asset)

\_\_\_\_\_ (liabilities)

\_\_\_\_\_ (short-term liability)

\_\_\_\_\_ (long-term liability)

\_\_\_\_\_ (net worth)

**INCOME/EXPENSE STATEMENT**

for \_\_\_\_\_ (name)

from \_\_\_\_\_ to \_\_\_\_\_ (range of dates)

\_\_\_\_\_ (income)

\_\_\_\_\_ (expenses)

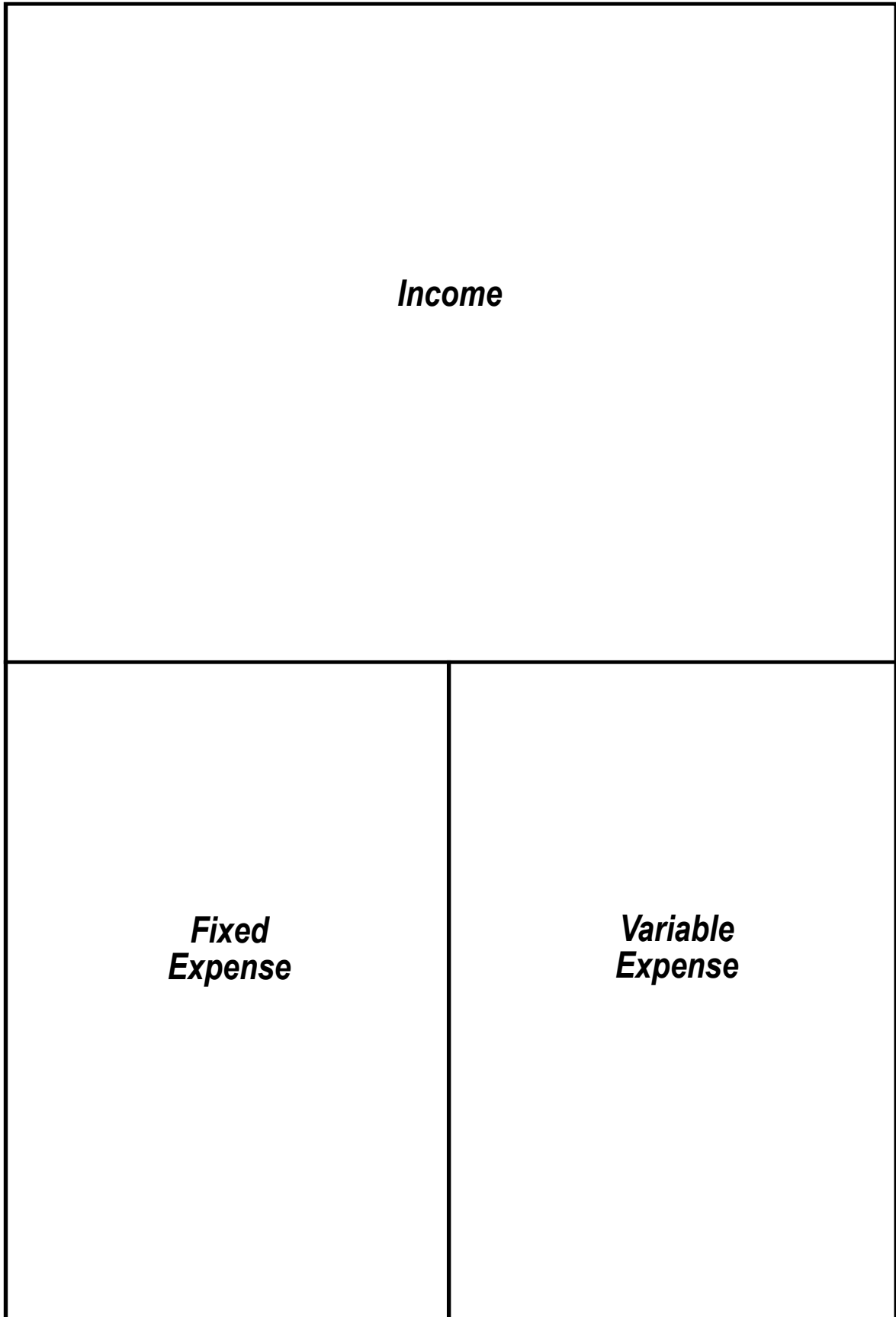
\_\_\_\_\_ (fixed expenses)

\_\_\_\_\_ (variable expenses)

\_\_\_\_\_ (surplus/deficit)

<b><i>Investment Assets</i></b>	<b><i>Balance Sheet</i></b>	<b><i>Fair Market Value</i></b>
<b><i>Tangible Assets</i></b>	<b><i>Net Worth</i></b>	<b><i>Monetary Assets</i></b>
<b><i>Liabilities</i></b>	<b><i>Income</i></b>	<b><i>Income/Expense Statement</i></b>
<b><i>Variable Expenses</i></b>	<b><i>Surplus/ Loss</i></b>	<b><i>Fixed Expenses</i></b>

<b><i>Monetary (Liquid) Asset</i></b>	
<b><i>Tangible (Use) Asset</i></b>	
<b><i>Investment (Capital) Asset</i></b>	
<b><i>Short-Term Liability</i></b>	<b><i>Long-Term Liability</i></b>



## 2.3.f > Excel File > Balance Sheet Sample

	A	B
1	<b>Balance Sheet</b>	
2	<b>Name</b>	
3	<b>As of a Specific Date</b>	
4		
5	<b>Dollars</b>	
6		
7	<b>ASSETS</b>	
8	Checking Account	700.00
9	Savings Account	600.00
10	Cash on Hand	200.00
11	<b>TOTAL ASSETS</b>	<b>1,500.00</b>
12		
13	<b>LIABILITIES</b>	
14	Credit Card Debt	300.00
15	Loan	200.00
16	<b>TOTAL LIABILITIES</b>	<b>500.00</b>
17		
18	<b>NET WORTH</b>	<b>1,000.00</b>

	A	B
1	<b>Balance Sheet for a College Student</b>	
2	Name	
3	As of January 1, 2003	
4		
5	<b>Dollars</b>	
6		
7	<b>ASSETS</b>	
8	Cash on Hand	85.00
9	Checking Account	400.00
10	Savings Account	800.00
11	Personal property	3,140.00
12	Automobile	3,600.00
13	<b>TOTAL ASSETS</b>	<b>8,025.00</b>
14		
15	<b>LIABILITIES</b>	
16	Telephone Bill Past Due	80.00
17	Bank Loan (Automobile)	3,130.00
18	College Loan	1,000.00
19	Government Education Loan	4,500.00
20	<b>TOTAL LIABILITIES</b>	<b>8,710.00</b>
21		
22	<b>NET WORTH</b>	<b>-685.00</b>
23		
24	<b>TOTAL LIABILITIES AND NET WORTH</b>	<b>8,025.00</b>

	A	B
1	<b>Balance Sheet for a Couple with Two Children</b>	
2	<b>Names</b>	
3	<b>(As of January 1, 2003)</b>	
4		
5	<b>Dollars</b>	
6		
7	<b>ASSETS</b>	
8	<i>Monetary Assets</i>	
9	Cash on Hand	260.00
10	Savings Account	1,500.00
11	Checking Account 1	600.00
12	Checking Account 2	700.00
13	Tax Refund Due	700.00
14	Rent Receivable	660.00
15	<i>Total Monetary Assets</i>	<b>4,420.00</b>
16	<i>Tangible Assets</i>	
17	Home	176,000.00
18	Personal Property	9,000.00
19	Automobiles	11,500.00
20	<i>Total Tangible Assets</i>	<b>196,500.00</b>
21	<i>Investment Assets</i>	
22	Fidelity Mutual Funds	4,500.00
23	Scudder Mutual Fund	5,000.00
24	General Motors Stock	2,800.00
25	New York 2006 Bonds	1,000.00
26	Life Insurance Cash Value	5,400.00
27	IRA	6,300.00
28	Real Estate Investment	84,000.00
29	<i>Total Investment Assets</i>	<b>109,000.00</b>
30	<b>TOTAL ASSETS</b>	<b>309,920.00</b>
31		
32	<b>LIABILITIES</b>	
33	<i>Short-Term Liabilities</i>	
34	Dentist Bill	120.00
35	Credit Card Debt	1,545.00
36	<i>Total Short-Term Liabilities</i>	<b>1,665.00</b>
37	<i>Long-Term Liabilities</i>	
38	Sales Finance Company: Automobile	7,700.00
39	Savings and Loan: Real Estate	92,000.00
40	<i>Total Long-Term Liabilities</i>	<b>99,700.00</b>
41	<b>TOTAL LIABILITIES</b>	<b>101,365.00</b>
42		
43	<b>NET WORTH</b>	<b>208,555.00</b>

## 2.3.f > Excel File > Income & Expense Sheet Sample

	A	B	C	D
1	<b>Income and Expense Statement</b>			
2	Name			
3	Date - Date			
4				
5		Dollars (Monthly)	Dollars (Annually)	Percentage of Monthly Income
6				
7	<b>INCOME</b>			
8	Salary	1,000.00	12,000.00	66.67%
9	Savings Withdrawals	500.00	6,000.00	33.33%
10	<b>TOTAL INCOME</b>	<b>1,500.00</b>	<b>18,000.00</b>	<b>100.00%</b>
11				
12	<b>EXPENSES</b>			
13	Rent	400.00	4,800.00	26.67%
14	Automobile	250.00	3,000.00	16.67%
15	Food	100.00	1,200.00	6.67%
16	Utilities	50.00	600.00	3.33%
17	Clothing	75.00	900.00	5.00%
18	Entertainment	25.00	300.00	1.67%
19	Miscellaneous	100.00	1,200.00	6.67%
20	<b>TOTAL EXPENSES</b>	<b>1,000.00</b>	<b>12,000.00</b>	<b>66.67%</b>
21				
22	<b>SURPLUS/DEFICIT</b>	<b>500.00</b>	<b>6,000.00</b>	<b>33.33%</b>

2.3.f > Excel File > Income & Expense Table 2.4

	A	B	C	D
1	<b>Income and Expense Statement for a College Student</b>			
2	Name			
3	January 1-December 31, 2003			
4				
5		Dollars (Annually)	Dollars (Monthly)	Percent of Monthly Income
6				
7	<b>INCOME</b>			
8	Wages	4,650.00	387.50	38.72%
9	Scholarship	1,750.00	145.83	14.57%
10	Government Grant	2,500.00	208.33	20.82%
11	Government Loan	2,900.00	241.67	24.15%
12	Tax Refund	110.00	9.17	0.92%
13	Loan From Parents	100.00	8.33	0.83%
14	<b>TOTAL INCOME</b>	<b>12,010.00</b>	<b>1,000.83</b>	<b>100.00%</b>
15				
16	<b>EXPENSES</b>			
17	Rent	1,500.00	125.00	12.49%
18	Laundry	210.00	17.50	1.75%
19	Food	1,200.00	100.00	9.99%
20	Automobile Loan Payments	1,292.00	107.67	10.76%
21	Automobile Insurance	422.00	35.17	3.51%
22	Books and Supplies	945.00	78.75	7.87%
23	Tuition	3,160.00	263.33	26.31%
24	Telephone	620.00	51.67	5.16%
25	Clothing	475.00	39.58	3.96%
26	Gifts	300.00	25.00	2.50%
27	Automobile Expenses	600.00	50.00	5.00%
28	Health Insurance	102.00	8.50	0.85%
29	Recreation and Entertainment	360.00	30.00	3.00%
30	Taxes (Social Security)	356.00	29.67	2.96%
31	Personal Expenses	300.00	25.00	2.50%
32	<b>TOTAL EXPENSES</b>	<b>11,842.00</b>	<b>986.83</b>	<b>98.60%</b>
33				
34	<b>SURPLUS/DEFICIT</b>	<b>168.00</b>	<b>14.00</b>	<b>1.40%</b>

## 2.3.f > Excel File > Income & Expense Table 2.5

	A	B	C	D
1	<b>Income and Expense Statement for a Couple With Two Children</b>			
2	Names			
3	January 1-December 31, 2003			
4				
5		Dollars (Annually)	Dollars (Monthly)	Percent of Monthly Income
6				
7	<b>INCOME</b>			
8	Gross Salary (Full-Time Spouse)	43,180.00	3,598.33	65.72%
9	Salary (Part-Time Spouse)	12,500.00	1,041.67	19.03%
10	Interest and Dividends	1,800.00	150.00	2.74%
11	Bonus	300.00	25.00	0.46%
12	Tax Refunds	200.00	16.67	0.30%
13	Net Rental Income	7,720.00	643.33	11.75%
14	<b>TOTAL INCOME</b>	<b>65,700.00</b>	<b>5,475.00</b>	<b>100.00%</b>
15				
16	<b>EXPENSES</b>			
17	<i>Fixed Expenses</i>			
18	Mortgage Loan and Real Estate Taxes	14,400.00	1,200.00	21.92%
19	Homeowner's Insurance	760.00	63.33	1.16%
20	Automobile Loan Payment	4,400.00	366.67	6.70%
21	Automobile Insurance and Registration	1,191.00	99.25	1.81%
22	Life Insurance	1,200.00	100.00	1.83%
23	Medical Insurance	2,980.00	248.33	4.54%
24	Savings at Credit Union	1,260.00	105.00	1.92%
25	Federal Income Taxes	6,800.00	566.67	10.35%
26	State Income Taxes	3,100.00	258.33	4.72%
27	City Income Taxes	720.00	60.00	1.10%
28	Social Security Taxes	4,260.00	355.00	6.48%
29	Personal Property Taxes	950.00	79.17	1.45%
30	Retirement IRAs	4,000.00	333.33	6.09%
31	<i>Total Fixed Expenses</i>	<b>46,021.00</b>	<b>3,835.08</b>	<b>70.05%</b>
32	<i>Variable Expenses</i>			
33	Food	4,900.00	408.33	7.46%
34	Utilities	1,900.00	158.33	2.89%
35	Gasoline, Oil, Maintenance	3,000.00	250.00	4.57%
36	Medical Expenses	1,245.00	103.75	1.89%
37	Medicines	750.00	62.50	1.14%
38	Clothing and Upkeep	1,950.00	162.50	2.97%
39	Tithe	1,200.00	100.00	1.83%
40	Gifts	900.00	75.00	1.37%
41	Personal Allowances	1,200.00	100.00	1.83%
42	Children's Allowances	960.00	80.00	1.46%
43	Miscellaneous	550.00	45.83	0.84%
44	<i>Total Variable Expenses</i>	<b>18,555.00</b>	<b>1,546.25</b>	<b>28.24%</b>
45	<b>TOTAL EXPENSES</b>	<b>64,576.00</b>	<b>5,381.33</b>	<b>98.29%</b>
46				
47	<b>SURPLUS/DEFICIT</b>	<b>1,124.00</b>	<b>93.67</b>	<b>1.71%</b>

	A	B
1	<b>Balance Sheet for a Couple With Two Children</b>	
2	Names	
3	(As of January 1, 2003)	
4		
5	Dollars	
6		
7	<b>Assets</b>	
8	<i>Monetary Assets</i>	
9	Cash on Hand	700.00
10	Savings Account	300.00
11	Checking Account 1	900.00
12	Checking Account 2	500.00
13	Tax Refund Due	800.00
14	Rent Receivable	300.00
15	<i>Total Monetary Assets</i>	<b>3,500.00</b>
16	<i>Tangible Assets</i>	
17	Home	195,000.00
18	Personal Property	7,800.00
19	Automobiles	159,000.00
20	<i>Total Tangible Assets</i>	<b>361,800.00</b>
21	<i>Investment Assets</i>	
22	Fidelity Mutual Funds	3,000.00
23	Scudder Mutual Fund	6,000.00
24	Apple Stock	3,000.00
25	Series EE Savings Bonds	1,500.00
26	Life Insurance Cash Value	8,760.00
27	IRA	10,000.00
28	Real Estate Investment	129,900.00
29	<i>Total Investment Assets</i>	<b>162,160.00</b>
30	<b>TOTAL ASSETS</b>	<b>527,460.00</b>
31		
32	<b>Liabilities</b>	
33	<i>Short-Term Liabilities</i>	
34	Chiropractor Bill	700.00
35	Credit Card Debt	1,800.00
36	<i>Total Short-Term Liabilities</i>	<b>2,500.00</b>
37	<i>Long-Term Liabilities</i>	
38	Sales Finance Company: Automobile	9,200.00
39	Savings and Loan: Real Estate	96,000.00
40	<i>Total Long-Term Liabilities</i>	<b>105,200.00</b>
41	<b>TOTAL LIABILITIES</b>	<b>107,700.00</b>
42		
43	<b>Net Worth</b>	<b>419,760.00</b>

## 2.3.f > Excel File > Practice Income & Expense Sheet

	A	B	C	D
1	<b>Income and Expense Statement for a Couple With Two Children</b>			
2	<b>Names</b>			
3	<b>January 1-December 31, 2003</b>			
4				
5		<b>Dollars (Annually)</b>	<b>Dollars (Monthly)</b>	<b>Percent of Monthly Income</b>
6				
7	<b>Income</b>			
8	Gross Salary (Full-Time Spouse)	82,110.00	6,842.50	80.18%
9	Salary (Part-Time Spouse)	14,000.00	1,166.67	13.67%
10	Interest and Dividends	3,000.00	250.00	2.93%
11	Bonus	500.00	41.67	0.49%
12	Tax Refunds	1,235.00	102.92	1.21%
13	Net Rental Income	1,567.00	130.58	1.53%
14	<b>TOTAL INCOME</b>	<b>102,412.00</b>	<b>8,534.33</b>	<b>100.00%</b>
15				
16	<b>Expenses</b>			
17	<i>Fixed Expenses</i>			
18	Mortgage Loan and Real Estate Taxes	19,049.00	1,587.42	18.60%
19	Homeowner's Insurance	2,450.00	204.17	2.39%
20	Automobile Loan Payment	5,786.00	482.17	5.65%
21	Automobile Insurance and Registration	1,320.00	110.00	1.29%
22	Life Insurance	2,904.00	242.00	2.84%
23	Medical Insurance	2,100.00	175.00	2.05%
24	Savings at Credit Union	1,800.00	150.00	1.76%
25	Federal Income Taxes	5,600.00	466.67	5.47%
26	State Income Taxes	2,900.00	241.67	2.83%
27	City Income Taxes	720.00	60.00	0.70%
28	Social Security Taxes	3,288.00	274.00	3.21%
29	Personal Property Taxes	870.00	72.50	0.85%
30	Retirement IRAs	3,670.00	305.83	3.58%
31	<i>Total Fixed Expenses</i>	<b>52,457.00</b>	<b>4,371.42</b>	<b>51.22%</b>
32	<i>Variable Expenses</i>			
33	Food	5,100.00	425.00	4.98%
34	Utilities	2,000.00	166.67	1.95%
35	Gasoline, Oil, Maintenance	1,200.00	100.00	1.17%
36	Medical Expenses	4,879.00	406.58	4.76%
37	Medicines	490.00	40.83	0.48%
38	Clothing and Upkeep	1,950.00	162.50	1.90%
39	Church	1,400.00	116.67	1.37%
40	Gifts	760.00	63.33	0.74%
41	Personal Allowances	1,204.00	100.33	1.18%
42	Children's Allowances	1,904.00	158.67	1.86%
43	Miscellaneous	240.00	20.00	0.23%
44	<i>Total Variable Expenses</i>	<b>21,127.00</b>	<b>1,760.58</b>	<b>20.63%</b>
45	<b>TOTAL EXPENSES</b>	<b>73,584.00</b>	<b>6,132.00</b>	<b>71.85%</b>
46				
47	<b>Surplus/Deficit</b>	<b>28,828.00</b>	<b>2,402.33</b>	<b>28.15%</b>

## 2.3.f > Excel File > Pre-Test Balance Sheet

	A	B
1	<b>Balance Sheet/ Couple With 2 Children</b>	
2	<b>Names</b>	
3	<b>(As of January 1, 2003)</b>	
4		
5	<b>Dollars</b>	
6		
7	<b>ASSETS</b>	
8	<i>Monetary Assets</i>	
9	Cash on Hand	500.00
10	Savings Account	200.00
11	Checking Account 1	800.00
12	Checking Account 2	650.00
13	Tax Refund Due	490.00
14	Rent Receivable	260.00
15	<i>Total Monetary Assets</i>	<b>2,900.00</b>
16	<i>Tangible Assets</i>	
17	Home	182,000.00
18	Personal Property	6,500.00
19	Automobiles	48,000.00
20	<i>Total Tangible Assets</i>	<b>236,500.00</b>
21	<i>Investment Assets</i>	
22	Fidelity Mutual Funds	2,500.00
23	Scudder Mutual Fund	5,000.00
24	Apple Stock	3,650.00
25	Series EE Savings Bonds	2,000.00
26	Life Insurance Cash Value	9,000.00
27	IRA	10,540.00
28	Real Estate Investment	67,000.00
29	<i>Total Investment Assets</i>	<b>99,690.00</b>
30	<b>TOTAL ASSETS</b>	<b>339,090.00</b>
31		
32	<b>LIABILITIES</b>	
33	<i>Short-Term Liabilities</i>	
34	Chiropractor Bill	540.00
35	Credit Card Debt	1,670.00
36	<i>Total Short-Term Liabilities</i>	<b>2,210.00</b>
37	<i>Long-Term Liabilities</i>	
38	Sales Finance Company: Automobile	8,600.00
39	Savings and Loan: Real Estate	96,000.00
40	<i>Total Long-Term Liabilities</i>	<b>104,600.00</b>
41	<b>TOTAL LIABILITIES</b>	<b>106,810.00</b>
42		
43	<b>NET WORTH</b>	<b>232,280.00</b>

## 2.3.f > Excel File > Pre-Test Income & Expense Statement

	A	B	C	D
1	<b>Income and Expense Statement for a Couple With Two Children</b>			
2	<b>Names</b>			
3	<b>January 1-December 31, 2003</b>			
4				
5		<b>Dollars (Annually)</b>	<b>Dollars (Monthly)</b>	<b>Percent of Monthly Income</b>
6				
7	<b>INCOME</b>			
8	Gross Salary (Full-Time Spouse)	56,290	4,690.83	72.70%
9	Salary (Part-Time Spouse)	13,400	1,116.67	17.31%
10	Interest and Dividends	2,900	241.67	3.75%
11	Bonus	600	50.00	0.77%
12	Tax Refunds	520	43.33	0.67%
13	Net Rental Income	3,720	310.00	4.80%
14	<b>TOTAL INCOME</b>	<b>77,430</b>	<b>6,452.50</b>	<b>100.00%</b>
15				
16	<b>EXPENSES</b>			
17	<i>Fixed Expenses</i>			
18	Mortgage Loan and Real Estate Tax	14,400	1,200.00	18.60%
19	Homeowner's Insurance	720	60.00	0.93%
20	Automobile Loan Payment	5,560	463.33	7.18%
21	Automobile Insurance and Registration	1,200	100.00	1.55%
22	Life Insurance	2,400	200.00	3.10%
23	Medical Insurance	2,980	248.33	3.85%
24	Savings at Credit Union	1,260	105.00	1.63%
25	Federal Income Taxes	6,700	558.33	8.65%
26	State Income Taxes	3,200	266.67	4.13%
27	City Income Taxes	690	57.50	0.89%
28	Social Security Taxes	4,376	364.67	5.65%
29	Personal Property Taxes	950	79.17	1.23%
30	Retirement IRAs	4,000	333.33	5.17%
31	<i>Total Fixed Expenses</i>	<b>48,436</b>	<b>4,036.33</b>	<b>62.55%</b>
32	<i>Variable Expenses</i>			
33	Food	5,200	433.33	6.72%
34	Utilities	2,100	175.00	2.71%
35	Gasoline, Oil, Maintenance	3,100	258.33	4.00%
36	Medical Expenses	2,468	205.67	3.19%
37	Medicines	630	52.50	0.81%
38	Clothing and Upkeep	1,950	162.50	2.52%
39	Church	1,200	100.00	1.55%
40	Gifts	790	65.83	1.02%
41	Personal Allowances	1,160	96.67	1.50%
42	Children's Allowances	1,290	107.50	1.67%
43	Miscellaneous	670	55.83	0.87%
44	<i>Total Variable Expenses</i>	<b>20,558</b>	<b>1,713.17</b>	<b>26.55%</b>
45	<b>TOTAL EXPENSES</b>	<b>68,994</b>	<b>5,749.50</b>	<b>89.10%</b>
46				
47	<b>SURPLUS/DEFICIT</b>	<b>8,436</b>	<b>703.00</b>	<b>10.90%</b>

## 2.6.a > Worksheet > Spending Plan

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

### Directions

Using enclosure 2.6.b Excel Spreadsheet Spending Plan, prepare a monthly and yearly spending plan for a couple with two children based on the information given below by filling in the boxes on the spreadsheet. When you are finished, determine if the couple has surplus or a deficit. If they have a surplus, allocate this into savings and investments. Finally, answer the questions on the following page. Disregard the percent of monthly income column, unless you plan to complete the extra credit.

<b>Income</b>	<b>Dollars (Monthly)</b>
Gross Salary (Full-Time Spouse)	5,040.00
Interest and Dividends	85.00
Salary (Part-Time Spouse)	1,000.00

As additional income, after tax season, the couple received a tax refund (annual) of \$1,200.00.

Also, during the holiday season, the spouse working full-time received a bonus (annual) of \$480.00.

<b>Fixed Expenses</b>	
Automobile Insurance and Registration	110.00
Automobile Loan Payment	450.00
City Income Taxes	50.00
Federal Income Taxes	460.00
Homeowner's Insurance	200.00
Life Insurance	160.00
Medical Insurance	175.00
Mortgage Loan and Real Estate Taxes	1,540.00
Personal Property Taxes	75.00
Retirement IRAs	300.00
Savings at Credit Union	150.00
Social Security Taxes	275.00
State Income Taxes	160.00

<b>Variable Expenses</b>	
Children's Allowances	160.00
Church	120.00
Clothing and Upkeep	160.00
Food	416.00
Gasoline, Oil, Maintenance	100.00
Gifts	65.00
Medical Expenses	410.00
Medicines	40.00
Miscellaneous	40.00
Personal Allowances	100.00
Utilities	170.00

**Questions**

1. Does the couple have a surplus or a deficit?
2. Based upon your understanding of the concept pay yourself first, what adjustments would you recommend for this couple in the future (especially if they have a deficit) so they have a chance to increase their savings?
3. Identify five ways in which this spending plan would be different compared to the spending plan of a high school student. Please explain your responses.
4. Identify three ways in which this spending plan would be different compared to the spending plan of a college student. Please explain your responses.

**Extra Credit**

5. When you are finished, determine the percent of monthly income for the entire spending plan. Round your answers to the nearest tenth of a percent.

Spending Plan for a Couple With Two Children			
Names			
January 1-December 31, 2007			
	Dollars (Monthly)	Dollars (Annually)	Percent of Monthly Income
<b>Income</b>			
Gross Salary (Full-Time Spouse)			
Salary (Part-Time Spouse)			
Interest and Dividends			
Bonus			
Tax Refunds			
<b>TOTAL INCOME</b>			
<b>Expenses</b>			
<i>Fixed Expenses</i>			
Mortgage Loan and Real Estate Taxes			
Homeowner's Insurance			
Automobile Loan Payment			
Automobile Insurance and Registration			
Life Insurance			
Medical Insurance			
Savings at Credit Union			
Federal Income Taxes			
State Income Taxes			
City Income Taxes			
Social Security Taxes			
Personal Property Taxes			
Retirement IRAs			
<i>Total Fixed Expenses</i>			
<i>Variable Expenses</i>			
Food			
Utilities			
Gasoline, Oil, Maintenance			
Medical Expenses			
Medicines			
Clothing and Upkeep			
Church			
Gifts			
Personal Allowances			
Children's Allowances			
Miscellaneous			
<i>Total Variable Expenses</i>			
<b>TOTAL EXPENSES</b>			
<b>Surplus/Deficit</b>			
<i>Allocation of Surplus</i>			
Savings			
Investments			

## 2.6.b > Excel Spreadsheet > Spending Plan-Bank > Key

<b>Spending Plan for a Couple With Two Children</b>			
Names			
January 1-December 31, 2007			
	Dollars (Monthly)	Dollars (Annually)	Percent of Monthly Income
<b>Income</b>			
Gross Salary (Full-Time Spouse)	5,040.00	60,480.00	80.45%
Salary (Part-Time Spouse)	1,000.00	12,000.00	15.96%
Interest and Dividends	85.00	1,020.00	1.36%
Bonus	40.00	480.00	0.64%
Tax Refunds	100.00	1,200.00	1.60%
<b>TOTAL INCOME</b>	<b>6,265.00</b>	<b>75,180.00</b>	<b>100.00%</b>
<b>Expenses</b>			
<i>Fixed Expenses</i>			
Mortgage Loan and Real Estate Taxes	1,540.00	18,480.00	24.58%
Homeowner's Insurance	200.00	2,400.00	3.19%
Automobile Loan Payment	450.00	5,400.00	7.18%
Automobile Insurance and Registration	110.00	1,320.00	1.76%
Life Insurance	160.00	1,920.00	2.55%
Medical Insurance	175.00	2,100.00	2.79%
Savings at Credit Union	150.00	1,800.00	2.39%
Federal Income Taxes	460.00	5,520.00	7.34%
State Income Taxes	160.00	1,920.00	2.55%
City Income Taxes	50.00	600.00	0.80%
Social Security Taxes	275.00	3,300.00	4.39%
Personal Property Taxes	75.00	900.00	1.20%
Retirement IRAs	300.00	3,600.00	4.79%
<i>Total Fixed Expenses</i>	<b>4,105.00</b>	<b>49,260.00</b>	<b>65.52%</b>
<i>Variable Expenses</i>			
Food	416.00	4,992.00	6.64%
Utilities	170.00	2,040.00	2.71%
Gasoline, Oil, Maintenance	100.00	1,200.00	1.60%
Medical Expenses	410.00	4,920.00	6.54%
Medicines	40.00	480.00	0.64%
Clothing and Upkeep	160.00	1,920.00	2.55%
Church	120.00	1,440.00	1.92%
Gifts	65.00	780.00	1.04%
Personal Allowances	100.00	1,200.00	1.60%
Children's Allowances	160.00	1,920.00	2.55%
Miscellaneous	40.00	480.00	0.64%
<i>Total Variable Expenses</i>	<b>1,781.00</b>	<b>21,372.00</b>	<b>28.43%</b>
<b>TOTAL EXPENSES</b>	<b>5,886.00</b>	<b>70,632.00</b>	<b>93.95%</b>
<b>Surplus/Deficit</b>	<b>379.00</b>	<b>4,548.00</b>	<b>6.05%</b>
<i>Allocation of Surplus</i>			
Savings	200.00	2,400.00	3.19%
Investments	179.00	2,148.00	2.86%
<i>*Answers may vary in the allocation of the surplus</i>			

## 2.16.a > Worksheet > Financial Ratios 01

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

1. Bob Jones, author of *Bob Jones' Guide To Living Well*, has monetary assets valued at \$5,000 and monthly expenses of \$1,500.  
Using the basic liquidity ratio, how long could Bob live on his monetary assets if he were to lose his job?
2. Tony Tramontina has monetary assets valued at \$6,500 and yearly expenses of \$14,000.  
Using the basic liquidity ratio, how long could Tony live on his monetary assets if he were to lose his job?
3. Lucky D. Lifeguard, a successful rescue technician, is currently employed in a position paying \$20,000 a year. Lucky's annual living expenses are only \$9,000 so he has accumulated \$4,000 in monetary assets and \$25,000 in investment assets since his college graduation.  
Use the basic liquidity ratio to figure how long Lucky could pay expenses if he were to lose his job.
4. Jay Byrd has the following assets and liabilities listed on his balance sheet.  
Find his asset-to-debt ratio.

<b>Liquid assets</b>	\$ 2,340
<b>Tangible assets</b>	\$24,000
<b>Investment assets</b>	\$12,000
<b>Short-term liabilities</b>	\$ 2,900
<b>Long-term liabilities</b>	\$18,450

Is he solvent or insolvent?
5. Ken Fender has total assets of \$220,000 and total liabilities of \$92,000. Included in his total assets are monetary assets of \$21,000 and investment assets of \$89,000.  
What is Ken's investment assets-to-net worth ratio?

## 2.16.b > Worksheet > Financial Ratios 02

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

1. Jimmy O'Sullivan has monetary assets valued at \$6,250 and monthly expenses of \$1,700. Using the basic liquidity ratio, how long could Jimmy live on his monetary assets if he were to lose his job?
2. Ian St. Bernard has monetary assets valued at \$8,200 and yearly expenses of \$13,500. Using the basic liquidity ratio, how long could Ian live on his monetary assets if he were to lose his job?
3. Sarah Bellum is currently employed in a position paying \$24,000 a year. Sarah's annual living expenses are only \$8,200 so she has accumulated \$3,600 in monetary assets and \$21,000 in investment assets since her college graduation. Use the basic liquidity ratio to figure how long Sarah could pay expenses if she were to lose her job.
4. Harry Pheet has the following assets and liabilities listed on his balance sheet. Find his asset-to-debt ratio.

<b>Liquid assets</b>	\$ 3,260
<b>Use assets</b>	\$22,730
<b>Capital assets</b>	\$11,090
<b>Short-term liabilities</b>	\$ 1,800
<b>Long-term liabilities</b>	\$19,150

Is he solvent or insolvent?
5. Brian Bronson has total assets of \$230,500 and total liabilities of \$86,000. Included in his total assets are monetary assets of \$23,000 and investment assets of \$73,400. What is Brian's investment assets-to-net worth ratio?

## 2.21.a, 2.29a > Warm Up > Level Versus Standard Of Living

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

1. Describe your present or current living arrangement (level of living) in detail.

2. Describe your ideal living arrangement (standard of living) in detail.

## 2.27.a, 2.29a > Warm Up > Introduction To Personal Finance

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

1. How old were you when you made your first purchase?
2. What is the smartest decision you've ever made with money?
3. What is the dumbest decision you've ever made with money?
4. What was your last purchase?
5. What were your expenses last week?
6. What is the funniest story you can think of that relates to finances or money?

## LESSON PLAN 3.0: WHERE TO SAVE

**Save Yourself!**  
**DVD Chapter 3.0:**  
**Where To Save**

### **CONCEPTS**

- 3.1** Risk
- 3.2** Growth
- 3.3** Liquidity
- 3.4** Savings Account
- 3.5** Investing
- 3.6** Certificate of Deposit (CD)

### **ADDITIONAL RELATED CONCEPTS**

- 3.7** Interest
- 3.8** Time Deposit
- 3.9** Demand Deposit
- 3.10** Checking Account
- 3.11** Interest-Bearing  
Checking Account

## CONTENT STANDARDS AND PERFORMANCE EXPECTATIONS

- PF 1.1.1** Compare and contrast services that financial institutions provide.
- PF 1.2.1** Determine why people save and invest money.
- PF 1.2.2** Describe different savings and investment options available based on personal income.
- PF 1.2.4** Recommend appropriate personal saving and investment strategies and planned changes as one proceeds through the life-cycle.
- PF 1.2.6** Compare and contrast rates of return versus related risk for savings and investments.
- PF 2.1.1** Understand various types of risk.

## VOCABULARY

**Risk:** The chance that an investment's value will increase or decrease.

**Growth:** The potential for a financial investment to increase.

**Liquidity:** The speed and ease in which an asset can be converted to cash.

**Savings Account:** A time deposit rather than a demand deposit.

**Investing:** The use of savings to earn a financial return.

**Certificate of Deposit (CD):** An interest-earning savings instrument offered by a depository institution that accepts deposits for a fixed amount of time.

## ADDITIONAL RELATED VOCABULARY

**Interest:** Money paid for the use of money. Also referred to as the price of money.

**Time Deposit:** Saving that is expected to remain on deposit in a financial institution for an extended period of time.

**Demand Deposit:** An account at a financial institution whereby the institution must withdraw funds and make payments whenever demanded by the checking account depositor.

**Checking Account:** An account at a depository institution that allows you to write checks against amounts on deposit, and to transfer your deposited funds to other people and organizations. Also called a transaction account.

**Interest-Bearing Checking Account:** A checking account that pays interest to the depositor. Usually a minimum balance is required for these types of checking accounts.

# INSTRUCTIONAL STRATEGIES

## **Warm Up**

At the beginning of the lesson, distribute the enclosed document 3.0.a Warm Up Word Scramble Where To Save and allow the students 5-7 minutes to work through this activity.

When they are finished, review the answers as a class using the enclosed document 3.0.b Warm Up Word Scramble Where To Save Key.

## **Direct Instruction or Demonstration**

Acquire flyers and other print materials from a few local banks or financial institutions within your community. Look specifically for information that displays saving and investment options as it relates to different types of checking accounts, savings accounts, and certificates of deposits.

Instruct the students to take notes in their Personal Finance Notebook as you outline, compare, and contrast these three financial instruments.

## **Direct Instruction or Board Work**

Continue the lesson by explaining the correlations between risk and growth of checking accounts, interest-bearing checking accounts, savings accounts, and certificates of deposits through illustrations on the board or overhead. Instruct students to continue taking notes in their Personal Finance Notebook.

Use the enclosed document 3.0.d Worksheet Where To Save Features Of The Best Savings Option to introduce concept 3.3 Liquidity and to teach students things they must consider when choosing where to save. Create a transparency of this document and make use of an overhead projector to display this for the class.

While you are discussing point one (liquidity) of document 3.0.d, illustrate this concept by referring to the instructions found under the Demonstration heading below.

## **Demonstration**

Illustrate the concept of liquidity by asking a student to volunteer for a demonstration. Fill a glass with water. As the teacher, cup your hands, and allow the student to pour some of the water into your hands. As it is nearly impossible to keep the water completely contained within your makeshift cup, the students will observe the liquid dripping or flowing from the cracks between your fingers.

This demonstration could be a metaphor for liquidity. If your cupped hands represent a checking or savings account, the liquid represents how easy it is to withdraw money from that account. Just as the liquid drips easily, the money is withdrawn easily. If your cupped hands represent your pocket, the liquid represents the cash in your pocket. Just as the liquid drips easily, the cash burns a hole easily in your pocket.

It's also recommended to explain the concept of a liquidation sale, which is commonly seen in storefronts when a business is closing. Also, explain liquidity in its application to the various types of accounts and savings instruments offered at financial institutions.

## **Wrap Up**

At the end of the lesson, refer to the enclosed document 3.0.a Warm Up Word Scramble Where To Save that was distributed as the Warm Up. Instruct the students to define these unscrambled terms using their own words.

It may be beneficial to allow them a few minutes to study their Personal Finance Notebook notes before you begin this closing activity.

## ADDITIONAL INSTRUCTIONAL STRATEGIES

### **Warm Up**

Use the enclosed document 3.4.a Warm Up Word Search Savings Accounts as a fun introduction to savings accounts.

### **Worksheets or Group Work**

Use the enclosed document 3.10.a Worksheet Checking and Savings Deposits as additional practice on making deposits at a financial institution. Please note that this worksheet is designed to be used four deposit slips per worksheet. Some Personal Finance, Business Mathematics, or Business Foundations textbooks provide deposit slip templates, pictures of deposit slips for you to copy, or perforated deposit slips as a part of a teacher's resource bundle. Another alternative to obtaining deposit slips is to obtain an actual deposit slip from a bank or financial institution, cut off any important information, numbers, or figures and copy this as a template for additional deposit slips.

### **Worksheets or Group Work**

Use the enclosed document 3.0.c Worksheet Special Words Assignment Template as an opportunity for students to practice different reading methods (skimming, scanning, and reading for comprehension), as well as written communication. As the teacher, choose specific words from your personal finance textbook (within a chapter or unit that correlates to the items listed in the "Concepts" field above). It is recommended that these words are a mix of vocabulary terms, important phrases, acronyms, numbers, percentages, abbreviated words, names, businesses, or any other special words that have significant relationship to major or important concepts within the chapter. These words can be found within the reading, side notes, additional fact boxes, diagrams, tables, or pictures. Write the chosen words in the "Special Word" fields. The rest is up to the students. Have students work individually or in groups of two. It is the students' responsibility to search for the special word or phrase. Once they locate it (by skimming or scanning the text), they must write the page number on which the word or phrase is first found (for example, if the term "risk" is found on page 247, but also 242, they must write 242 as the page reference. Next, they must define the special word or phrase in the "Definition or Explanation" field. If it is a vocabulary term, this definition must closely match the term's textbook definition. If the special word or phrase is something other than a technical vocabulary term for the chapter, they must use the surrounding context to define or explain what the special word or phrase is, stands for, or means. Lastly, the students must read the text surrounding the special word or phrase (reading for comprehension) and provide a rationale in the "Comprehension Rationale" field (written communication). In their own words, the students describe why the word or phrase is considered "special," primarily; why it is significant or how its significance is related to the major or important concept(s) within the chapter. This last portion is the most important, as it is usually the most difficult. Giving a sound rationale for a special word or phrase demonstrates comprehension. This is an outstanding opportunity for students to practice the combined disciplines of reading and writing. If this activity is assigned as group work, it is recommended to encourage students to work as a team, dividing responsibilities. However, if you choose to make this a group assignment, your assessment of the group should hold each student accountable equally, and this should be communicated to the students. If one or more students within the group are off-task, warn them once, and then if you have further problems, redirect them so they must complete the assignment entirely on their own.

### **Interview and/or PowerPoint Presentation**

Direct students to interview a representative from a local bank or financial institution. Before the interview, help them generate questions that would lead them in a discussion that explores the savings and investing options at that particular bank or financial institution. One possibility after the interview would be to construct their findings into a PowerPoint presentation to share their research with you and the class.

## ADDITIONAL RESOURCES

[www.savingsaccountinterest.com](http://www.savingsaccountinterest.com) information about various savings-related financial instruments

[www.fisn.com](http://www.fisn.com) CD rates

### 3.0.a > Warm Up > Word Scramble: Where To Save

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

1. iksr \_\_\_\_\_
2. tyefsa \_\_\_\_\_
3. eitn \_\_\_\_\_
4. etar \_\_\_\_\_
5. iclpranpi \_\_\_\_\_
6. itnseret \_\_\_\_\_
7. lietsensprimet \_\_\_\_\_
8. ltoynmh \_\_\_\_\_
9. leidy \_\_\_\_\_
10. nllnayua \_\_\_\_\_
11. edpsootifeatciifetrc \_\_\_\_\_
12. qyuetlrrar \_\_\_\_\_
13. smetncitoedorunp \_\_\_\_\_
14. ecneinenocn \_\_\_\_\_
15. wohgtr \_\_\_\_\_

## 3.0.b > Warm Up > Word Scramble: Where To Save >KEY

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

1. iksr \_\_\_\_\_ risk
2. tyefsa \_\_\_\_\_ safety
3. eitn \_\_\_\_\_ time
4. etar \_\_\_\_\_ rate
5. iclpranpi \_\_\_\_\_ principle
6. itnseret \_\_\_\_\_ interest
7. lietsensprimet \_\_\_\_\_ simple interest
8. ltoynmh \_\_\_\_\_ monthly
9. leidy \_\_\_\_\_ liquidity
10. nllnayua \_\_\_\_\_ yield
11. edpsootifeatciifetrc \_\_\_\_\_ certificate of deposit
12. qyuetlrr \_\_\_\_\_ quarterly
13. smetncitoedorunp \_\_\_\_\_ compound interest
14. ecneinenocn \_\_\_\_\_ convenience
15. wohgtr \_\_\_\_\_ growth

## 3.0.c > Worksheet > Special Words Assignment Template

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

1.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

2.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

3.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

4.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

5.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

## 3.0.c > Worksheet > Special Words Assignment Template

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

6.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

7.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

8.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

9.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

10.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

## 3.0.c > Worksheet > Special Words Assignment Template

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

11.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

12.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

13.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

14.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

15.

Special Words:	Page Number:
Definition or Explanation:	
Comprehension Rationale:	

# FEATURES OF THE BEST SAVINGS OPTION

## **1. LIQUIDITY**

You can access your money whenever you want—no strings or penalties attached.

## **2. SAFETY**

You cannot lose your money—it's insured.

## **3. CONVENIENCE**

There is most likely a branch of your bank close to your home and work—it's conveniently located.

## **4. YIELD (INTEREST-EARNING POTENTIAL)**

Your money earns a competitive rate of interest.

### 3.4.a > Warm Up > Word Search > Savings Accounts

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

**Directions:** Find the following hidden words:

interest, simple interest, compound interest, amount, principal, annual interest rate, balance, principal, rate, time, annually, semiannually, quarterly, monthly, elapsed time

E V T G E V P G J O T S C I G E E T P E  
T H R D C Q A E E F E J V R O R R A T E  
S Y L L A U N N A I I G E R S O N M S L  
Z A N N U A L I N T E R E S T R A T E H  
N J P E B R W A I G R N I R B D S E R I  
I N G F I T S E R E T N I T T N V D E R  
K T V H T E I R U E O G F S G D O O T X  
B Y M I F R Y B A S V E E E O C Y E N A  
E L D O N L C T L T M R T Q M M O L I I  
Y L N I P Y I M H I E Y S X E B E E D E  
L A U S D M T T T T P E L E S A S O N U  
A U N W E E P D N D R S S H E L R A U C  
G N A L G J E I R E T L Z K T A P A O W  
M N H E A S E C P I L A P I C N I R P R  
V A E E P L A P I C N I R P L C O T M I  
I I F A P J I E H T N U O M A E I M O A  
T M L M F E T S D R R A M N V I P T C R  
L E I E E K P A U E K P R O H I G D U Z  
R S A S O U M S A T S S I R E X U H P D  
N E Q M U F H T U P O I R M J T P I A P

## 3.10.a > Worksheet > Checking & Savings Deposits

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

1.

Date	Type of Deposit	Account Number	Name & Address
10.21	Checking	0123-987654	Billy Glavin 800 N. Alabama St. Indianapolis, IN 46204
<p><b>Description:</b> Billy wants to deposit one check and some cash. He has \$50.25 in cash and a check he received as a birthday gift for \$30.00. Fill out a deposit slip for him.</p>			
  
2.

Date	Type of Deposit	Account Number	Name & Address
10.24	Checking	1111-121212	Thom Yorke 007 West Berry Street Fort Wayne, IN 46802
<p><b>Description:</b> Thom wants to deposit two checks and some cash. He has \$42.65 in cash and two checks he received as an anniversary gifts for \$50.00 (bank number 50-50) and \$25.00 (bank number 25-25). He also wants to receive a two-dollar bill back in cash. Fill out a deposit slip for him.</p>			
  
3.

Date	Type of Deposit	Account Number	Name & Address
10.26	Savings	0007-123456	Jay Sefton 2424 Eagle Court Fort Wayne, IN 46808
<p><b>Description:</b> Jay wants to deposit three checks, some cash, and some spare change. He has two twenty dollar bills, a five dollar bill, a one dollar bill, two quarters, and one dime. The amounts of his checks are \$15.00, \$42.00, and \$10.00. The bank numbers for his checks are #61-04, #114-22, and #13-08, respectively. Fill out a deposit slip for him.</p>			
  
4.

Date	Type of Deposit	Account Number	Name & Address
11.02	Checking	1010-102030	Your Name Your Mailing Address Your Hometown, State, Zip Code
<p><b>Description:</b> Pretend you lost your driving privileges for the entire school year because you got a speeding ticket earlier this summer. To turn the situation into a positive, you have been saving for a brand new bike. Today is finally the day you get to deposit the money into your checking you've been saving for your new mode of transportation! You have a hundred dollar bill, and four checks at \$20.00, \$62.50, \$18.00, and \$50.00. The bank numbers for your checks are #91-19, #80-00, #21-10, and #76-39, respectively. You also would like to receive \$10.00 cash back. Fill out your deposit slip. Be sure to sign the deposit slip for any cash received back.</p>			

# LESSON PLAN 4.0: SIMPLE & COMPOUND INTEREST

**Save Yourself!**  
**DVD Chapter 4.0:**  
**Simple and**  
**Compound Interest**

## **CONCEPTS**

- 4.1** Simple Interest
- 4.2** Compound Interest
- 4.3** Rule of 72

## **ADDITIONAL RELATED CONCEPTS**

- 4.4** Principal
- 4.5** Annual Interest Rate
- 4.6** Time Value of Money
- 4.7** Annuity
- 4.8** Future Value (FV)
- 4.9** Present Value (PV)

## CONTENT STANDARDS AND PERFORMANCE EXPECTATIONS

- PF 1.2.1** Determine why people save and invest money.
- PF 1.2.2** Describe different savings and investment options available based on personal income.
- PF 1.2.4** Recommend appropriate personal saving and investment strategies and planned changes as one proceeds through the life-cycle.
- PF 1.2.5** Distinguish between simple and compound interest.
- PF 1.2.6** Compare and contrast rates of return versus related risk for savings and investments.
- PF 1.2.8** Explain and calculate the Rule of 72.
- PF 2.1.1** Understand various types of risk.
- PF 2.1.2** Analyze risk management strategies and how they protect against financial loss.

## VOCABULARY

**Simple Interest:** Interest computed only on the original principal.

**Compound Interest:** Interest computed on the original principal plus accumulated interest.

**Rule of 72:** a formula that can be used to calculate the years until an investment amount will double by dividing the rate of return on the investment into 72. It will also reveal the number of years until prices will double by dividing the inflation rate into 72.

## ADDITIONAL RELATED VOCABULARY

**Principal:** The original amount deposited or invested.

**Annual Interest Rate:** The percent of the principal that you earn as interest based on one year.

**Time Value of Money:** The concept that dollars to be received or paid out in the future are not equivalent to those received or paid out today.

**Annuity:** A series of equal regular deposits or investments in a financial instrument earning interest.

**Future Value:** The valuation of an asset projected to the end of a particular time period in the future.

**Present Value (PV):** The current value of an asset that will be received in the future. Also called discounted value.

# INSTRUCTIONAL STRATEGIES

## Warm Up

“Pencil 100” is a game easily adaptable to a wide variety of content (in any class), and originated as a simple party game.

In its original form, a group of individuals would sit around a table, take turns rolling a die (singular for dice), and if a player rolls a 6, then they have the privilege of snatching up the pencil in the middle of the table to begin writing numbers in sequence (as fast as they can), starting at number 1 all the way through the number 100. Players must write each number individually. For example, “1 2 3 4 5 6 7 8 9 10”, etc. The difficulty is, immediately after another one player rolls a 6, the player to their left quickly grabs the die and tries to roll a 6, and if they are successful at rolling a 6, then it is their privilege to steal the pencil from whoever is writing! Each player keeps rolling the die until they roll a 6, and if they don’t, everybody must keep rolling until this happens. The goal is to roll a 6, steal the pencil from whoever is writing, and quickly write as many numbers as possible (picking up wherever you left off last) until the number 100 is reached. The first player to write each number, 1-100 on their paper wins. Each number must be legible for a win to be legitimate.

In its adapted form for personal finance, students will not be writing numbers 1-100, but the equation “ $I = PRT$ ” x-number of times (it is to the discretion of the teacher to decide the number of times). Another option would be to actually write out the phrase “Interest = Principal X Rate X Time” x-number of times. Basically, it is a simple game that either introduces or reinforces the memorization of simple, yet important equations, acronyms, phrases, or even concepts. This activity can also be used as reinforcement as Group Work during class or a Wrap Up activity at the end of class.

To administer this game, start by writing  $I = PRT$  on the board before class begins. Begin the period by explaining “Pencil 100” (or “Pencil  $I=PRT$ ”). Then, distribute a sheet of paper to each student, break them into groups of 4-6 to sit in a circle around one table, place one die and one pencil at each table. Then, allow the students to play for 5-10 minutes, giving prizes, extra credit, etc. for any group or class winners.

## Direct Instruction

Instruct the students to take notes in their Personal Finance Notebook. Using the board or overhead, define the three major vocabulary terms, or accept input from students as you define the terms together.

Then, focus on concept 4.1 *Simple Interest* by writing the equation Interest ( $I$ ) = Principal ( $P$ ) X Rate ( $R$ ) X Time ( $T$ ). Explain that this equation is one of the most important equations for personal finance, and should be memorized. Use the board or overhead to illustrate what each letter in the equation represents. Then, demonstrate an example problem. It is important to explain the significance of each part of the equation. “ $I$ ” or “Interest” is a dollar amount, and should be written in dollar form. “ $P$ ” or “Principal” is also a dollar amount, and should be written in dollar form. “ $R$ ” or “Rate” is a percent and should be written as a percent or in decimal form (If written in decimal form, the percent should be divided by 100). The higher the rate, the higher the cost of the loan or the greater the rate of return. The “ $T$ ” or “Time” portion of the equation can represent a portion of a year, or entire years as a whole. If it represents months, then should be divided by 12. If it represents days, then should be divided by 365 (exact interest) or 360 (ordinary interest).

Introduce concept 4.2 *Compound Interest*. If students have an adequate understanding of simple interest, walk them through one example of compound interest. Be sure to highlight that, essentially, the math is the same as the simple interest formula, except that the interest is added back into the principal. In other words, the principal is the part of the equation that is changing. The more often or the longer interest is compounded, the greater potential for an investment return. Make a transparency of and display the enclosed document 4.2.a **Table Compound Interest** to help teach the concept of compound interest. Explain the major differences between simple and compound interest.

## Worksheets, Board Work, or Group Work

Use the enclosed documents 4.1.a **Worksheet Simple Interest** and 4.1.b **Worksheet Simple Interest Key** for enrichment and additional practice with simple interest.

## ADDITIONAL INSTRUCTIONAL STRATEGIES

### **Worksheets**

Use the enclosed document **4.3.a Worksheet Rule of 72** for enrichment with this concept.

Use the enclosed document **4.8.a Worksheet Future Value Calculations: Lump Sum and Annuities** for enrichment with concepts related to the time value of money.

## ADDITIONAL RESOURCES

<http://accountinginfo.com/study/pv/interest-101.htm>

simple and compound  
interest examples

<http://www.moneyinstructor.com/art/simpleinterest.asp>

learn simple interest calculations

[www.moneyinstructor.com](http://www.moneyinstructor.com)

lessons and information for teaching  
and learning about money and  
personal finance

## 4.1.a > Worksheet > Simple Interest

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

1. Alex deposited \$600.00 in a savings account at Financial Savings and Loan association. After 3 years the interest was computed at an annual interest rate of 7%. How much simple interest did Alex's money earn?
2. Ben invested \$1000.00. After 12 years the interest was computed at an annual rate of 6%. How much simple interest did Ben's money earn? What is the future value of his investment, including the interest he earned during those 12 years?
3. On June 1, Chris deposited \$610.00 in a savings account at Grishenko's Credit Union. At the end of November his interest was computed at an annual interest rate of 6%. How much simple interest did Chris's money earn?
4. Danielle invested \$819.41 at the Hyrule Trust Company at the beginning of January in 2000. If her interest was computed at an annual rate of 6%, what will be the future value of Danielle's money at the beginning of January in 2011? At the end of July her interest was computed at an annual rate of 6%. How much simple interest did Danielle's money earn during that time?
5. On April 1st, Emily deposited a refund check for \$368.94 in a savings account at First Savings and Loan Association. At the end of December the interest was computed at an annual rate of 6%. How much simple interest did Emily's money earn?
6. On March 31st, you opened a savings account at Wall Street Savings Bank with a deposit of \$817.25. At the end of October the interest was computed at an annual rate of 5% and added to the balance of your account. How much simple interest did you earn? What will be the future value of your investment?

## 4.1.b > Worksheet > Simple Interest > KEY

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

1. Alex deposited \$600.00 in a savings account at Financial Savings and Loan association. After 3 years the interest was computed at an annual interest rate of 7%. How much simple interest did Alex's money earn?

**INTEREST = \$135.00**

2. Ben invested \$1000.00. After 12 years the interest was computed at an annual rate of 6%. How much simple interest did Ben's money earn? What is the future value of his investment, including the interest he earned during those 12 years?

**INTEREST = \$780.00**  
**FUTURE VALUE = \$1,780.00**

3. On June 1, Chris deposited \$610.00 in a savings account at Grishenko's Credit Union. At the end of November his interest was computed at an annual interest rate of 6%. How much simple interest did Chris's money earn?

**INTEREST = \$19.83**

4. Danielle invested \$819.41 at the Hyrule Trust Company at the beginning of January in 2000. If her interest was computed at an annual rate of 6%, what will be the future value of Danielle's money at the beginning of January in 2011? At the end of July her interest was computed at an annual rate of 6%. How much simple interest did Danielle's money earn during that time?

**FUTURE VALUE = \$1,360.22**  
**INTEREST = \$540.81**

5. On April 1st, Emily deposited a refund check for \$368.94 in a savings account at First Savings and Loan Association. At the end of December the interest was computed at an annual rate of 6%. How much simple interest did Emily's money earn?

**INTEREST = \$18.68**

6. On March 31st, you opened a savings account at Wall Street Savings Bank with a deposit of \$817.25. At the end of October the interest was computed at an annual rate of 5% and added to the balance of your account. How much simple interest did you earn? What will be the future value of your investment?

**INTEREST = \$27.41**  
**FUTURE VALUE = \$844.66**

<i>Year</i>	<i>Beginning Balance</i>	<i>Interest Earned (5%)</i>	<i>Ending Balance</i>
<b>1</b>	<b>\$100.00</b>	<b>\$5.00</b>	<b>\$105.00</b>
<b>2</b>	<b>\$105.00</b>	<b>\$5.25</b>	<b>\$110.25</b>
<b>3</b>	<b>\$110.25</b>	<b>\$5.51</b>	<b>\$115.76</b>

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

**A quick way to evaluate an investment's rate of return is to use the Rule of 72.**

This is a technique for estimating the number of years required to double your money at a given rate of return. It is a rule of thumb or approximation technique.

Simply divide the percentage rate of return into 72. For example, if an investment is yielding an average of 6 percent, it will take 12 years to double your money (72 divided by 6).

**You can also use the Rule of 72 to estimate the rate of return** needed to double your money in a given number of years.

**If you want to find the number of years, divide 72 by the rate of return.**

1. You are earning 10% on your money. How long will it take to double your money?

If you want to find the rate of return, divide 72 by the numbers of years in which you want your money to double.

2. You have \$5,000 and want it to double in 6 years.  
What rate must your investment earn to achieve \$10,000 in 6 years?
3. Pam invested \$10,000 in a security that will double in value in 10 years. What is the approximate annual rate of return this investment is making?



# LESSON PLAN 5.0 - 9.0: RISK, INVESTING STOCKS, BONDS, MUTUAL FUNDS AND BROKERS

## **Save Yourself! DVD Chapters:**

- 5.0 Risk**
- 6.0 Investing Stocks**
- 7.0 Investing Bonds**
- 8.0 Investing  
Mutual Funds**
- 9.0 Investing Brokers**

## **CONCEPTS**

- 5.1 Risk**
- 5.2 Investing**
- 5.3 Risk Pyramid**
  
- 6.1 Stock**
- 6.2 Share**
- 6.3 Shareholder**
- 6.4 Stock Quotes**
- 6.5 Diversification**
  
- 7.1 Bond**
- 7.2 Debt Financing**
- 7.3 Face Value**
- 7.4 Interest Rate**
- 7.5 Maturity Date**
  
- 8.1 Mutual Fund**
  
- 9.1 Broker**
- 9.2 Full-Service Broker**
- 9.3 Discount Broker**
- 9.4 Custodial Accounts**

## **ADDITIONAL RELATED CONCEPTS**

- 5.4 Return**
- 5.5 Interest-Rate Risk**
- 5.6 Political Risk**
- 5.7 Market Risk**
  
- 6.6 Annual Report**
- 6.7 Dividends**
- 6.8 Capital Gain**
- 6.9 Common Stock**
- 6.10 Preferred Stock**
- 6.11 Income Stock**
- 6.12 Growth Stock**
- 6.13 Blue-Chip Stock**
- 6.14 Penny Stock**
  
- 7.6 Corporate Bond**
- 7.7 Municipal Bond**
- 7.8 Discount Bond**
- 7.9 Series EE Savings Bond**
- 7.10 Series HH Savings Bond**
- 7.11 Series I Savings Bond**
- 7.12 Treasury Bond**
  
- 9.5 Broker**
- 9.6 Full-Service Broker**
- 9.7 Securities & Exchange Commission (SEC)**
- 9.8 Bull Market**
- 9.9 Bear Market**

# CONTENT STANDARDS AND PERFORMANCE EXPECTATIONS

- PF 1.1.2** Differentiate the types of financial advisors and industry certifications and their fee structures.
- PF 1.2.1** Determine why people save and invest money.
- PF 1.2.2** Describe different savings and investment options based on personal income.
- PF 1.2.3** Describe how to buy and sell investments.
- PF 1.2.4** Recommend appropriate personal saving and investment strategies and planned changes as one proceeds through the life cycle.
- PF 1.2.6** Compare and contrast rates of return versus related risk for savings and investments.
- PF 2.1.1** Understand various types of risk.
- PF 2.1.2** Analyze risk management strategies and how they protect against financial loss.

# VOCABULARY

## 5.0 Risk

**Risk:** The chance that an investment's value will increase or decrease.

**Investing:** The use of savings to earn a financial return.

**Risk Pyramid:** A diagram illustrating the relationship between an investment's growth and risk. At the bottom of the pyramid are financial instruments that are lower-risk/lower-growth, in the middle are moderate-risk/moderate-growth, and at the top of the pyramid are higher-risk/higher-growth.

## 6.0 Investing Stocks

**Stock:** An investment into a company that represents a unit of ownership in a corporation.

**Share:** Another term for stock.

**Shareholder:** Owners of shares of stock in a company.

**Stock Quotes:** Displays information about stocks such the name of the stock, its ticker symbol, 52 week high and low, day high and low, and net change.

**Diversification:** The spreading of risk among many types of investments.

## 7.0 Investing Bonds

**Bond:** Debt obligations of corporations, states, or local governments.

**Debt Financing:** A phrase to describe the process of investing in a bond; where an investor loans money (that earns interest) to a company for a specific period of time.

**Face Value:** The amount a bondholder will be repaid when the bond matures or is due.

**Interest Rate:** The rate applied to the amount of money loaned to a company for the purchase of a bond.

**Maturity Date:** The date on which an investment becomes due for payment. Also, when the company must pay back the face value plus any interest accrued during the length of the loan or investment.

## 8.0 Investing Mutual Funds

**Mutual Fund:** A large, professionally managed group of investments.

## 9.0 Investing Brokers

**Broker:** An employee of a brokerage firm, who buys and sells securities for investors. Also called stockbroker.

**Full-Service Broker:** Financial advisor who provides clients with analysis and opinions based their judgments and opinions of experts at the company they represent. These brokers are more personally involved in the process of investing and make commissions based on what an investor buys and sells.

**Discount Broker:** Financial advisor who usually provides little or no investment advice to a client and buys and sells investments at a reduced commission.

**Custodial Accounts:** An account managed by an adult in order for a minor to transact securities or investments.

## ADDITIONAL RELATED VOCABULARY

### 5.0 Risk

**Return:** Money earned on an investment.

**Interest-Rate Risk:** Risk that the return on an investment will not keep pace with the inflation rate.

**Political Risk:** Risk that increased taxes and certain regulations, such as costly environmental controls that businesses are required to apply, will impact an investment's return in a negative way.

**Market Risk:** Risk caused by business declines or interest rate fluctuations and may affect many types of investments at once.

**Non-Market Risk:** Risk unrelated to market trends and is entirely unpredictable and uncontrollable.

**Company or Industry Risk:** Risk produced by events that affect only one company or industry.

### 6.0 Investing Stocks

**Annual Report:** A summary of a corporation's financial results for the year and prospects for the future.

**Dividends:** The part of a corporation's profits paid to stockholders.

**Capital Gain:** An increase in the value of stock above the price initially paid for it.

**Common Stock:** A type of stock that pays a variable dividend and gives the holder voting rights.

**Preferred Stock:** A type of stock that pays fixed dividend and carries no voting rights.

**Income Stock:** A type of stock that have a consistent history of paying high dividends.

**Growth Stock:** A type of stock in corporations that reinvest their profits into the business so that it can grow.

**Blue Chip Stock:** Stock of large, well-established corporations with a solid record of profitability.

**Penny Stock:** Low-priced stocks of small companies that have no track record and usually sell for under a dollar per share.

### 7.0 Investing Bonds

**Corporate Bond:** Debt obligations of corporations.

**Municipal Bond:** Debt obligations of state or local governments.

**Discount Bond:** A bond purchased at less than its maturity value.

**Series EE Savings Bond:** A type of discount bond that is purchased for one half of its maturity value. Generally, these bonds mature in 10 years (but can be extended for up to 30 years), accumulates interest semiannually (every six months), and interest earned is exempt from state and local taxes. These bonds are not subject to federal taxation until cashed in and earn a variable rate of interest. Series EE Savings bonds have a higher rate of return than savings accounts and some CDs.

**Series HH Savings Bond:** A type of bond that pays interest semiannually (every six months) and matures every 10 years. These bonds can only be purchased in exchange for maturing EE bonds. Series HH Savings Bonds may be redeemed at any time after being held for a minimum of six months.

**Series I Savings Bond:** A type of bond designed for investors wanting to protect against inflation and earn a guaranteed rate of return. With these bonds, interest is added to the bond monthly and is paid when the bond is cashed, are sold at face value, and they grow with inflation-indexed earnings for up to 30 years.

**Treasury Bond:** A type of security issued in minimum units of \$1,000 with maturities that range from 10 to 30 years. These bonds are exempt from state and local income taxes and interest (which is taxable by the federal government) is paid every six months.

## ADDITIONAL RELATED VOCABULARY (continued)

### 9.0 Investing Brokers

**Financial Advisors:** Trained professional planners who give overall investment advice based on your goals, age, lifestyle, and other factors.

**Stock Exchange:** A place where brokers buy and sell stock.

Examples would include NYSE (New York Stock Exchange), NASDAQ (National Association of Securities Dealers Automated Quotations), and AMEX (American Stock Exchange).

**Securities and Exchange Commission (SEC):** An organization set up to regulate the stock market and prevent corporate abuses relating to the offering and sale of securities and corporate reporting. The SEC has the power to license and regulate stock exchanges.

**Bull Market:** A prolonged period of rising stock prices and a general feeling of investor optimism.

**Bear Market:** A prolonged period of falling prices and a general feeling of investor pessimism.

# INSTRUCTIONAL STRATEGIES

## ***Project-Based Learning***

### ***Overview***

Because of the consistency in layout and similarity between the concepts in chapters 5-9 on the DVD, this is an outstanding opportunity to learn these personal finance topics through project-based learning.

Enclosed are four documents (**Project-Based Learning Risk and Investing Project Outline, Rubric, Role Responsibilities**, and **Presentation Evaluation Notes**), which will serve as guides for this project. Further below (under the italicized *Enclosed Documents* heading), you will find explanations of each of these documents.

Overall, this project revolves around the concepts of:

- (a) experiential and project-based learning, and
- (b) students taking responsibility for their own comprehension of personal finance concepts, which will ultimately, benefit them.

In this project, the students have a chance to take on the role of a teacher. They will also continue their role as students. Before the project begins, students will be assigned groups. Then, they will have the opportunity to take on different, specific roles within their own team and through working together, teach the class the content they were responsible for. The classroom teacher's (your) role is to introduce and explain the project, provide resources (textbooks, Internet sites, magazines, access to copy machines and office supplies, transparencies, etc.), facilitate the use of class-time throughout the duration of the project, and ultimately grade or assess each group as the work and while they give presentations.

It is strongly recommended that students cannot choose their own group for this project. Keep in mind that each Role Responsibility (Secretary/Administrative Assistant, Assessment Manager, Teacher/Instructor, Visual Aid Manager...refer to the **Rubric**) within each team requires different skills and abilities. Therefore, place students accordingly. You can decide if you want to allow them to choose their own roles within each group.

The project has four major components (explained under the italicized Project Break-Down heading): (a) Introduction, (b) Research and Preparation, (c) Presentations, and (d) Feedback. This project is designed for completion during class; however, work and research outside of class is encouraged. Or, you can choose to turn this into a project conducted entirely outside of class (save introduction, presentation, and feedback). Duration of the project is roughly 12-17 days, depending on how long you allow for research and preparation.

### ***Project Break-Down***

#### ***Introduction—1 Day (45-60 Minutes)***

Please read this entire lesson plan before you begin introducing the project.

To introduce this project, you should distribute copies of the aforementioned **Outline, Rubric**, and **Role Responsibilities** to each student. After the three documents are distributed, allow students to briefly look them over. You should explain the project in its entirety and students are to ask questions as they arise.

Next, distribute copies of the **Presentation Evaluation Notes** to each student for the purpose of explaining how they will be graded. Students will not actually write on this document. It is for you, and will come into play later. Retain several copies of this document for yourself, as you will need them to fill out as you're assessing them. Introducing the project and answering questions will take most or all of one class period. If time allows, break students into groups and let them (a) help answer each others' questions; (b) let them choose their role (if you are not assigning them a specific *Role Responsibility*); and/or (c) allow them to begin discussing how they want to approach getting started on the project.

It is extremely important to make sure students have a clear understanding of the project as a whole. If your first class period is spent explaining the project and answering questions only, that is acceptable. You can always begin the next class period by conducting a brief project overview again, then allow them to break into groups. (This may actually be good, since this may be the first time for several students attempting a project like this).

## **Research and Preparation—5-10 Days**

To continue the project, you should allow students in-class time to work. Make yourself readily available during their first few times students are working in groups and take notes as to the major questions students are having. During the research and preparation portion, you may need to take class time explaining or clarifying general components of the project or specific expectations within the project. If you have access to a computer lab, allow students to work there.

The research portion is the most important component of the project. Students will be collaborating on several levels and will depend heavily upon each other, as well as you. You should provide students with several resources and encourage them with your own ideas. First, direct them to use their Personal Finance textbook for the meat of their content. Students should be able to find approximately 90% or higher of the information they need in their textbook. However, to enhance their projects, they should use other resources (other textbooks, Internet sites, magazines, interviews, etc.). Although not necessarily required, it is encouraged to require students to document and submit a minimum number of sources at the end of the project.

## **Presentations—5 Days**

After research and preparation, students will present their lesson to the class. During this time, the presenting group has the entire class period (as if they were teaching the class) to administer the lesson. The presenting group “teaches” their fellow classmates, while the students (the groups not presenting) take notes in their Personal Finance Notebook.

Before the first group presents, it is recommended that you review basic principles and strategies of teaching, anything from structure to classroom management strategies, from lesson planning basics to strategies for class involvement/interaction. You may see that students will choose to run their presentation/lesson similar to the way they have seen your class structured. You might also discover that students will choose to deliver their lesson like their favorite teachers. You may even learn a few tactics from your students. Encourage them to be creative in their presentations.

Essentially, the *Teacher/Instructor* should be the main communicator during the presentation, as this is a large part of his/her *Role Responsibility* (as noted on the **Role Responsibility and Rubric**). However, even though there will most likely be only one *Teacher/Instructor* within the group, each student on the presenting group should find some way to take part in the presentation. For example, the *Secretary/Administrative Assistant* may administer a brief Warm Up or similar activity to introduce the topic(s) and should be responsible for handing out or collecting any material(s) used. Then, the *Teacher/Instructor* will be responsible for the teaching portion. The *Visual Aid Manager* will handle displaying any visual aid used (PowerPoint, diagram on the board, chart or transparency on the overhead, cueing up and playing a video, etc.) during the teaching component for the *Teacher/Instructor*. Finally, at the end of the lesson, the *Assessment Manager* will administer a quiz, which may take anywhere between 5-10 minutes.

You should treat the quiz portion of the presentation the same as you do during your normal quizzes you give during normal class. It may be beneficial that you walk around during the quiz or help provide oversight during this time, even if it is simply a verbal reminder to remain silent until all quizzes are finished, etc. Even though the presenting group is assuming your “role” as the teacher for the day, your presence as the actual teacher should remain known to all students.

Stress to the presenting group that they “have the floor” and that the presentation is a large part of the *Teacher/Instructor’s* grade (which, in turn, effects each group member’s grade...refer to the *Presentation Evaluation Notes*). Group members whose roles are not that of the *Teacher/Instructor* are to assist any way relating to their own role. This will provide a smoother delivery and more effective presentation/lesson. Students taking notes should be respectful. Don’t hesitate to hold students accountable for disruptions, as you may consider reflecting this type of distraction in the loss of points.

During presentations, you should use the **Presentation Evaluation Notes** document to assess their lessons. It is important to note as many things (positive and negative) as you can during their presentations. This will aid in a fair and accurate assessment, as well as provide feedback for students. The more specific feedback, the better. When you are finished making notations, record the individual grade, group grade, and final grade. The **Presentation Evaluation Notes** will be used to show the students their grade after the project is finished.

## **Feedback—1 Day (45-60 Minutes)**

When you return the graded projects and **Presentation Evaluation Notes**, first distribute them to the class as a whole. Then, meet with the groups individually to provide explanation of their grades. This is an excellent opportunity to provide students with honest, constructive criticism, as well as a way to directly address questions or concerns students may have of their grade.

## **Enclosed Documents - Outline**

This document breaks down the five chapter makers on the DVD (chapters 5-9) into five sections, as noted I (one) through V (five).

This outlines the major topics that students will be researching. Essentially, you will break your class into five groups. Each group is assigned an entire section. It is their responsibility to become thoroughly knowledgeable about their sections, because at the end of the project (during presentations) they must teach the class their studied content. Each element listed on the **Outline** are required to be covered (or taught) during presentations. The material on this document is grouped in the most logical, structured order. It is recommended that during presentations, information is presented in the order it is listed on this document, but this suggestion is not necessarily required.

## **Rubric**

This document spells out the expectations of the project for the students. Because there are four major responsibilities within each group, breaking students into teams of four is recommended, if possible. If you need to assign groups of five or six, the extra person or persons in the group should share responsibilities at your discretion. Usually, the most difficult responsibility is that of the Teacher/Instructor.

Please note that even though there are specific expectations for each *Role Responsibility* within the group, it is strongly encouraged to facilitate the cooperation and involvement of all group members in any overlapping role. For example, just because a student is assigned the role of *Secretary/Administrative Assistant* doesn't mean that that student cannot help in the research or lesson planning process, the creation of a visual aid, etc. The students should understand that they have specific roles. However, they must function within this framework to be a team, which sometimes means going above and beyond expectations.

The **Rubric** is broken into five major *Contracts*, A-F. Each *Contract* represents a letter grade. Use the **Rubric** (along with the *Role Responsibilities*) to help you determine each student's Individual Grade (refer to **Presentation Evaluation Notes** for a detailed explanation on how to assess students). Remind the students that their grade is not dependent upon the **Rubric** alone, but how well they carry out their *Role Responsibilities*, as well.

## **Role Responsibilities**

This document explains the four major responsibilities within each group and specific expectations of those roles (please note that in the lists below, the phrase **class teacher DOES NOT** refer to the Teacher/Instructor role for the project, but to you, the Personal Finance teacher; the one facilitating this entire project):

### **Secretary/Administrative Assistant**

- Organize material
- Coordinate any meeting times for research and preparation outside of class
- Document the assigned roles, daily group activity/discussion/accomplishments, and group decisions
- Create a Meeting Minutes\* document that organizes any information carried out above
- Provide support for the Teacher/Instructor
- Make copies of any documents (handouts, transparencies, etc.) intended for use during the presentation/lesson
- Participate in the presentation/lesson in some way

### **\*Meeting Minutes:**

*The information that should be recorded in this document (or spreadsheet) begins the first day that the project is introduced and should be finalized on the last day before presentations. It is encouraged to stress the importance of a highly detailed Meeting Minutes document/spreadsheet. It should*

include any in-class and out-of-class time of any group member spends on the project. Some areas to include in the document/spreadsheet include: day, date, time, day number, members present, daily group activity, discussions, accomplishments, and decisions. Two excellent programs recommended for the creation and maintenance of the Meeting Minutes are Microsoft Word or Microsoft Excel.

## **Assessment Manager**

- Provide support for *Teacher/Instructor* through coordination in the creation of a Quiz\*
- Create a Quiz
- Create a key for the Quiz
- Provide a copy of the *Quiz Key* to the *class teacher*
- Administer the Quiz during the presentation/lesson
- Grade the Quiz

### **\*Quiz:**

There is a blank line next to the Quiz on the **Rubric**. It is up to you, the class teacher, to decide how many points each quiz must be worth. It is recommended that these quizzes are worth 10-15 points, and that they are stressed as “real quizzes” that are recorded in the grade book as normal grades. This way, students may take their responsibilities more seriously. Each quiz should be worth an equal number of points (For example, group I. Risk’s, and group II. Investing Brokers’ quiz should be worth the same number of points, regardless the quality of the quiz or the Contract the quiz happens to fall under after graded. In other words, an A Contract Quiz should be worth 10 points if that is the point value decided, and a B, C, D, or F Contract Quiz should be worth 10 points as well. Remember, these are actual quizzes being graded and are worth separate points, outside of the project. This is just one small accountability system that requires students to be responsible for material they were not assigned to. The point value of the Quiz should be communicated to the students at the beginning of the project.

It is recommended that the Assessment Manager submit a copy of the quiz to you, the class teacher, for review, before copies of the quiz are made.

It is extremely important to make sure that information on quizzes is not communicated to other students. Therefore, you may want to hold onto each group’s Quiz and copies of the Quiz (and the Quiz Key) until the day that group is scheduled to present.

## **Teacher/Instructor**

- Lead the research and preparation process for the group
- Communicate with the class teacher to learn the basics of developing a lesson plan, as well as to brainstorm creative ideas and effective teaching strategies for your *Presentation\**
- Create a Lesson Plan and provide a copy of it to the class teacher before the *Presentation* begins
- Provide the *class teacher* with copies of any document (handout, transparency, etc.) used or distributed during the *Presentation*
- Lead and administer the *Presentation*

### **\*Presentation**

There is a blank line within parenthesis under the “Time” bullet. It is up to you, the class teacher, to decide the minimum minute marks that are acceptable for an A, B, C, D, or F Contract. UNLIKE the blank line you must fill in the point value of the Quiz, these numbers should all be different. Keep in mind that total time for Presentation does not include the time it takes to administer the Quiz at the end of each Presentation.

## **Visual Aid Manager**

- Provide support for the *Teacher/Instructor* through coordination in the creation of visual aids
- Create visual aids
- Coordinate the scheduling and obtaining of any media devices or media elements needed for the presentation/lesson
- Provide the *class teacher* with copies of any visual aid before the presentation begins
- Participate in the presentation/lesson in some way

The aforementioned *Role Responsibilities* are the primary expectations of the students. They are grouped in the most logical order relevant to their position within the team. If you think you need to add, subtract, or rearrange any of them, feel free to do so.

## **Presentation Evaluation Notes**

This document helps you to:

- (a) organize the creation of your groups as you divide students into teams,
- (b) keep track of the topics (or sections from the **Outline**, for example: "TOPIC: III. Investing Bonds") assigned to each group,
- (c) manage your assessment and grading process, and
- (d) take notes during the presentation that will help you assess more accurately as well as provide students with specific feedback.

**The following are explanations of the three major grading categories:**

### **Individual Grade**

A student's Individual Grade is based upon the (a) **Rubric**, (b) the aforementioned **Role Responsibilities**, and (c) your observations of them carrying out these expectations. Each *Contract* displays specific expectations for each role. There are key words or phrases on the **Rubric** that will help you distinguish between the *Contracts*.

### **Group Grade**

This grade is determined by averaging the *Individual Grades*. Every student should receive the same *Group Grade*.

### **Final Grade**

The *Final Grade* for the project is determined by adding a student's *Individual Grade* to his/her *Group Grade*. It may be a good idea to communicate to the students their Final Grade is not determined 100% by this formula. In other words, you, as the class teacher, have the freedom to adjust the *Final Grade* at your discretion if there is a specific situation you need to address due to problems that may arise during any portion of the project process.

Likewise, you have the freedom to adjust for positive reasons (for example, if one student refuses to contribute or participate at all, this may result in a zero or very low score for an *Individual Grade*. This obviously affects the *Group Grade*, which will, in sequence, affect the *Final Grade*). It is recommended that you only adjust a student's *Final Grade* if there is a special instance where you believe it is fair to do so. This project is a great opportunity to teach students to work as a team. If they have not already, they should learn that for better or for worse, decisions of individuals ultimately affects the group as a whole.

## ***Comments About the Project***

Because the Personal Finance is traditionally offered through high school business departments, this is an outstanding project to use for the content of this material. There is tremendous consistency and carry-over into the (a) collegiate realm, where project-based learning is leading the way, (b) professional world, where students take on actual roles of business professionals and are put in situations where they must rely on the communication and cooperation of their co-workers to succeed, and (c) course offerings of business departments (Computer Applications, Business Management, Desktop Publishing, Marketing, Accounting, Business Law) and other departments (English, Visual Communications, Art, Mathematics, History).

If you have trouble with students using class time wisely, you may find it helpful to remind them that you do not have to give them any class time to work, and that you could require that this entire project be conducted outside of class. Students should view their class time as an opportunity. Don't hesitate to create a system that holds students accountable for their decisions during this time.

You may need to make copies of any documents (or the quizzes) for the students, if the students are not able to access the school's copy machines or are not allowed to do so.

Look for creative ways to offer extra credit through the various components of this project.

## **ADDITIONAL INSTRUCTIONAL STRATEGIES**

### ***Worksheets, Board Work or Group Work***

Use the enclosed document **6.7.a Worksheet Dividends** for enrichment with this concept.

Use the enclosed document **5.0.a, 6.0.a, 7.0.a Worksheet Stock Market Activity** for enrichment with concepts relating to risk, investing stocks, and earning a return on a diversified portfolio in the stock market.

## ADDITIONAL RESOURCES

<a href="http://www.amex.com">www.amex.com</a>	investor information for the American Stock Exchange
<a href="http://www.bankrate.com">www.bankrate.com</a>	rates and consumer information
<a href="http://www.banx.com">www.banx.com</a>	rates
<a href="http://www.better-investing.org">www.better-investing.org</a>	investment education
<a href="http://www.bonds-online.com">www.bonds-online.com</a>	bond market information and investment education
<a href="http://www.brill.com">www.brill.com</a>	information on mutual funds
<a href="http://www.cbs.marketwatch.com">www.cbs.marketwatch.com</a>	financial news
<a href="http://www.chicagofed.org">www.chicagofed.org</a>	consumer information
<a href="http://www.fool.com">www.fool.com</a>	investor information and education
<a href="http://www.investingbonds.com">www.investingbonds.com</a>	information on bond investing
<a href="http://www.investmentcompanyinstitute.org">www.investmentcompanyinstitute.org</a>	general information from the mutual fund trade association
<a href="http://www.ivillage.com">www.ivillage.com</a>	financial information
<a href="http://www.moneycentral.com">www.moneycentral.com</a>	company analysis
<a href="http://www.moody.com">www.moody.com</a>	bond ratings
<a href="http://www.morningstar.com">www.morningstar.com</a>	investment market information
<a href="http://www.nasdaq.com">www.nasdaq.com</a>	investor information for the over-the-counter market
<a href="http://www.nyse.com">www.nyse.com</a>	investor information for the New York Stock Exchange
<a href="http://www.publicdebt.treas.gov">www.publicdebt.treas.gov</a>	savings bonds
<a href="http://www.savingsbonds.gov">www.savingsbonds.gov</a>	series I savings bonds
<a href="http://www.sec.gov">www.sec.gov</a>	government regulation of investing
<a href="http://www.troweprice.com">www.troweprice.com</a>	assistance and investment education
<a href="http://www.valueline.com">www.valueline.com</a>	investor education
<a href="http://www.vanguard.com">www.vanguard.com</a>	assistance and investment education
<a href="http://www.wsj.com">www.wsj.com</a>	financial markets and investment information

# 5.0.a, 6.0.a, 9.0.a > WORKSHEET > STOCK MARKET ACTIVITY

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

For your 16th birthday, you have received \$10,000 in cash. You already have an adequate amount in your personal savings account and can use this money any way you wish. Therefore, you decided to invest into the stock market. However, you must account for how you spend the money, how much you earn on it, and the balance on hand every four weeks (one month) for the first year.

List your stock choices below. At the end of the four weeks, record how much you have gained or lost. Attach your actual source material or photocopies of materials for verification of your data.

## BEGINNING STOCK INVESTMENT REPORT: DAY 1

Name Of Stock	Stock Symbol	Amount Invested	Current Price	Source of Information
1.				
2.				
3.				
4.				
5.				
Total Value : \$				
Gain (Loss) : \$				

## WEEKEND ENDING REPORT: 1 (after 5 business days)

Name Of Stock	Stock Symbol	Amount Invested	Current Price	Source of Information
1.				
2.				
3.				
4.				
5.				
Total Value : \$				
Gain (Loss) : \$				

**WEEKEND ENDING REPORT: 1 (after 10 business days)**

Name Of Stock	Stock Symbol	Amount Invested	Current Price	Source of Information
1.				
2.				
3.				
4.				
5.				
Total Value : \$				
Gain (Loss) : \$				

**WEEKEND ENDING REPORT: 1 (after 15 business days)**

Name Of Stock	Stock Symbol	Amount Invested	Current Price	Source of Information
1.				
2.				
3.				
4.				
5.				
Total Value : \$				
Gain (Loss) : \$				

**WEEKEND ENDING REPORT: 1 (after 20 business days)**

Name Of Stock	Stock Symbol	Amount Invested	Current Price	Source of Information
1.				
2.				
3.				
4.				
5.				
Total Value : \$				
Gain (Loss) : \$				

## 6.7.a > WORKSHEET > DIVIDENDS

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

Suppose Larry Johnson, Darrell Johnson and Darrell Wilson, formed a corporation, LDD, Limited, Inc. with a beginning investment of \$500,000.

1. How many shares of stock with a value of \$20 would have to be sold to provide this amount?

2. How many shares of stock could Darrell Wilson buy for \$320,000?

3. How much would Larry Johnson have to pay for 700 shares of stock?

4. If Darrell Johnson bought the remaining shares, how many would he own?

# PROJECT-BASED LEARNING > RISK & INVESTING PROJECT > OUTLINE

NAME \_\_\_\_\_

PERIOD \_\_\_\_\_

The following is an outline that will guide your research and provide structure for your presentation.

Each concept below listed in normal font is discussed on the PBS39 Video Field Trip “*Save Yourself—The Principles of Saving and Investing*” DVD.

The concepts in italics are additional relevant personal finance concepts, not discussed in the DVD, but related to the content of the video.

## I. RISK

- A. Risk
- B. Risk Pyramid
- C. Relationship Between Risk and Growth
- D. Investment Return
- E. Types of Risk
  - 1. *Interest-Rate Risk*
  - 2. *Political Risk*
  - 3. *Market Risk*
  - 4. *Non-Market Risk*
  - 5. *Company or Industry Risk*
- F. Investing

## II. INVESTING STOCKS

- A. Stock
- B. Characteristics of Stock
  - 1. *Share*
  - 2. *Stockholder*
  - 3. *Dividends*
  - 4. *Capital Gain*
  - 5. *Annual Report*
- C. Types of Stock
  - 1. *Common Stock*
  - 2. *Preferred Stock*
  - 3. *Income Stock*
  - 4. *Growth Stock*
  - 5. *Blue Chip Stock*
  - 6. *Penny Stock*
- D. Stock Quotes
- E. Diversification

### **III. INVESTING BONDS**

- A. Bonds
- B. Characteristics of Bonds
  - 1. *Face Value*
  - 2. *Interest Rate*
  - 3. *Maturity Date*
- C. Debt Financing
- D. Types of Bonds
  - 1. *Corporate Bonds*
  - 2. *Municipal Bonds*
  - 3. *Discount Bonds*
  - 4. *Series EE Savings Bonds*
  - 5. *Series HH Savings Bonds*
  - 6. *Series I Savings Bonds*
  - 7. *Treasury Bonds*

### **IV. INVESTING MUTUAL FUNDS**

- A. Mutual Funds
- B. Characteristics of Mutual Funds
- C. Mutual Funds Versus Other Financial Instruments

### **V. INVESTING BROKERS**

- A. Brokers
- B. Types of Brokers
  - 1. *Full-Service Broker*
  - 2. *Discount Broker*
- C. Stock Exchange
  - 1. *Characteristics of the Stock Market*
  - 2. *Different Stock Markets*
  - 3. *Securities and Exchange Commission (SEC)*
  - 4. *Bull Market*
  - 5. *Bear Market*
- D. Custodial Accounts

## PROJECT-BASED LEARNING > RISK AND INVESTING PROJECT > ROLE RESPONSIBILITIES

The following are explanations of the four major responsibilities within each group and specific expectations of those roles (*please note that in the lists below, the phrase **class teacher** DOES NOT refer to the Teacher/Instructor role for the project, but to your Personal Finance teacher; the one facilitating this entire project*). Remember, your overall *Individual Grade* is based upon the (a) *Rubric*, (b) *Role Responsibilities*, and (c) your class teacher's observations of you as you carry out these expectations for the duration of this project.

### Secretary/Administrative Assistant

- Organize material
- Coordinate any meeting times for research and preparation outside of class
- Document the assigned roles, daily group activity/discussion/accomplishments, and group decisions
- Create a Meeting Minutes\* document that organizes any information carried out above
- Provide support for the Teacher/Instructor
- Make copies of any documents (handouts, transparencies, etc.) intended for use during the presentation/lesson
- Participate in the presentation/lesson in some way

#### \* Meeting Minutes

*The information that should be recorded in this document (or spreadsheet) begins the first day that the project is introduced and should be finalized on the last day before presentations. This document/spreadsheet should be highly detailed. It should include any in-class and out-of-class time of any group member spends on the project. Some areas to include in the document/spreadsheet include: day, date, time, day number, members present, daily group activity, discussions, accomplishments, and decisions. Two excellent programs recommended for the creation and maintenance of the Meeting Minutes are Microsoft Word or Microsoft Excel.*

### Assessment Manager

- Provide support for Teacher/Instructor through coordination in the creation of a Quiz\*
- Create a Quiz
- Create a key for the Quiz
- Provide a copy of the Quiz Key to the class teacher
- Administer the Quiz during the presentation/lesson
- Grade the Quiz

#### \*Quiz

*There is a blank line next to the Quiz on the Rubric. It is up your class teacher to decide how many points each quiz must be worth. These quizzes are worth 10-15 points, and are "real quizzes" that are recorded in the grade book as normal grades. Each quiz should be worth an equal number of points (For example, group I. Risk's and group II. Investing Brokers' quiz should be worth the same number of points, regardless the quality of the quiz or the Contract the quiz happens to fall under after graded. In other words, an A Contract Quiz should be worth 10 points if that is the point value decided, and a B, C, D, or F Contract Quiz should be worth 10 points as well. Remember, these are actual quizzes being graded and are worth separate points, outside of the project.*

*Assessment Manager should submit a copy of the quiz to the class teacher for review before copies of the quiz are made.*

### Teacher/Instructor

- Lead the research and preparation process for the group
- Communicate with the class teacher to learn the basics of developing a lesson plan, as well as to brainstorm creative ideas and effective teaching strategies for your *Presentation\**
- Create a *Lesson Plan* and provide a copy of it to the class teacher before the *Presentation* begins
- Provide the class teacher with copies of any document (handout, transparency, etc.) used or distributed during the *Presentation*
- Lead and administer the *Presentation*

#### \*Presentation

*There is a blank line within parenthesis under the "Time" bullet. It is up to your class teacher to decide the minimum minute marks that are acceptable for an A, B, C, D, or F Contract. UNLIKE the blank line your class teacher will instruct you to fill in for the point value of the Quiz, the numbers for duration of Presentation should all be different. Keep in mind that total time for Presentation does not include the time it takes to administer the Quiz at the end of each Presentation.*

***Visual Aid Manager***

- Provide support for the Teacher/Instructor through coordination in the creation of visual aids
- Create visual aids
- Coordinate the scheduling and obtaining of any media devices or media elements needed for the presentation/lesson
- Provide the class teacher with copies of any visual aid before the presentation begins
- Participate in the presentation/lesson in some way

# PROJECT-BASED LEARNING > RISK & INVESTING PROJECT > RUBRIC

<p><b>A CONTRACT</b>  <b>Secretary/Administrative Assistant</b>  Meeting Minutes: notes of assigned roles, daily group activity/accomplishments, and decisions made.</p> <ul style="list-style-type: none"> <li>• Exceptional, comprehensive, organized, and highly detailed</li> <li>• Typed</li> </ul> <p><b>Assessment Manager</b>  <b>Quiz:</b> _____ point quiz that assesses the main points of the group's assigned topic. The quiz will be given at the end of each presentation.</p> <ul style="list-style-type: none"> <li>• Utilizes at least 3 types of questions (true/false, multiple choice, short-answer, etc.)</li> <li>• Typed copy of quiz that is consistent with what the teacher presents and assesses the most important ideas</li> <li>• Key for quiz is prepared and ready with an accurate and efficient grading procedure</li> </ul> <p><b>Teacher/Instructor</b>  <b>Lesson Plan:</b> An outline or note cards of the lesson  <b>Presentation:</b> A presentation which covers and illustrates the most important ideas of the group's assigned topic</p> <ul style="list-style-type: none"> <li>• Information presented is accurate, clear, and teacher is readily able to answer any questions</li> <li>• Enthusiastic and creative in approach</li> <li>• Time—covers material efficiently at an effective pace (no less than _____ minutes)</li> </ul> <p><b>Visual Aid Manager</b>  <b>Visual Aid:</b> Any type of visual that supports the teacher's presentation (poster board, transparency, PowerPoint presentation, tangible items, etc.)</p> <ul style="list-style-type: none"> <li>• Utilizes at least 3 types of visual aids</li> <li>• Visual aids are presented with enthusiasm, clarity, and explanation</li> <li>• Extremely creative and purposeful</li> </ul>	<p>45-50</p>
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<p><b>B CONTRACT</b>  <b>Secretary/Administrative Assistant</b>  Meeting Minutes: notes of assigned roles, daily group activity/accomplishments, and decisions made.</p> <ul style="list-style-type: none"> <li>• Professional and organized</li> <li>• Typed</li> </ul> <p><b>Assessment Manager</b>  <b>Quiz:</b> _____ point quiz that assesses the main points of the group's assigned topic. The quiz will be given at the end of each presentation.</p> <ul style="list-style-type: none"> <li>• Utilizes at least 2 types of questions (true/false, multiple choice, short-answer, etc.)</li> <li>• Typed copy of quiz that is mostly consistent with what the teacher presents and assesses the most important ideas</li> <li>• Key for quiz is prepared and ready with an accurate and efficient grading procedure</li> </ul> <p><b>Teacher/Instructor</b>  <b>Lesson Plan:</b> An outline or note cards of the lesson  <b>Presentation:</b> A presentation which covers and illustrates the most important ideas of the group's assigned topic</p> <ul style="list-style-type: none"> <li>• Information presented is accurate, clear, and teacher is readily able to answer any questions</li> <li>• Enthusiastic in approach</li> <li>• Time—covers material efficiently at an effective pace (no less than _____ minutes)</li> </ul> <p><b>Visual Aid Manager</b>  <b>Visual Aid:</b> Any type of visual that supports the teacher's presentation (poster board, transparency, PowerPoint presentation, tangible items, etc.)</p> <ul style="list-style-type: none"> <li>• Utilizes at least 2 types of visual aids</li> <li>• Visual aids are presented with clarity, and explanation</li> <li>• Creative and purposeful</li> </ul>	<p>40-44</p>
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<p><b>C CONTRACT</b>  <b>Secretary/Administrative Assistant</b>  Meeting Minutes: notes of assigned roles, daily group activity/accomplishments, and decisions made.</p> <ul style="list-style-type: none"> <li>• Average organization and attention to detail</li> <li>• Typed</li> </ul> <p><b>Assessment Manager</b>  <b>Quiz:</b> _____ point quiz that assesses the main points of the group's assigned topic. The quiz will be given at the end of each presentation.</p> <ul style="list-style-type: none"> <li>• Utilizes only 1 type of question (true/false, multiple choice, short-answer, etc.)</li> <li>• Typed copy of quiz that is somewhat consistent with what the teacher presents and assesses some of the important ideas</li> <li>• Key for quiz is prepared and ready</li> </ul> <p><b>Teacher/Instructor</b>  <b>Lesson Plan:</b> An outline or note cards of the lesson  <b>Presentation:</b> A presentation which covers and illustrates the most important ideas of the group's assigned topic</p> <ul style="list-style-type: none"> <li>• Information presented covers most of what should be taught, is accurate but not extensive, sometimes unclear, and teacher is able to answer any questions with help</li> <li>• Average in approach</li> <li>• Time—covers material efficiently at an effective pace (no less than _____ minutes)</li> </ul> <p><b>Visual Aid Manager</b>  <b>Visual Aid:</b> Any type of visual that supports the teacher's presentation (poster board, transparency, PowerPoint presentation, tangible items, etc.)</p> <ul style="list-style-type: none"> <li>• Utilizes at least 2 types of visual aids</li> <li>• Visual aids are presented with average clarity, and explanation</li> <li>• Purposeful</li> </ul>	35-39
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<p><b>D CONTRACT</b>  <b>Secretary/Administrative Assistant</b>  Meeting Minutes: notes of assigned roles, daily group activity/accomplishments, and decisions made.</p> <ul style="list-style-type: none"> <li>• Unprofessional, unorganized, and minimal minutes from group meetings</li> <li>• Not typed</li> </ul> <p><b>Assessment Manager</b>  <b>Quiz:</b> _____ point quiz that assesses the main points of the group's assigned topic. The quiz will be given at the end of each presentation.</p> <ul style="list-style-type: none"> <li>• Utilizes only 1 type of question (true/false, multiple choice, short-answer, etc.)</li> <li>• Typed copy of quiz that is inconsistent with what the teacher presents and does not assess the most important ideas</li> <li>• Key for quiz is unprepared</li> </ul> <p><b>Teacher/Instructor</b>  <b>Lesson Plan:</b> An outline or note cards of the lesson  <b>Presentation:</b> A presentation which covers and illustrates the most important ideas of the group's assigned topic</p> <ul style="list-style-type: none"> <li>• Information presented does not cover what should be taught, is inaccurate and not extensive, unclear, and teacher is not able to answer</li> <li>• Lacking enthusiasm and creativity in approach</li> <li>• Time—covers material efficiently at an effective pace (no less than _____ minutes)</li> </ul> <p><b>Visual Aid Manager</b>  <b>Visual Aid:</b> Any type of visual that supports the teacher's presentation (poster board, transparency, PowerPoint presentation, tangible items, etc.)</p> <ul style="list-style-type: none"> <li>• Utilizes only 1 type of visual aids</li> <li>• Visual aids is presented with minimal explanation</li> <li>• Little creativity and purpose</li> </ul>	30-34
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<p><b>F CONTRACT</b>  Fails or severely struggles to meet the above criterion</p>	0-29
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**PROJECT-BASED LEARNING > RISK AND INVESTING PROJECT > PRESENTATION EVALUATION NOTES**

**TOPIC:**

<b>Position</b>	<b>Name</b>	<b>Individual Grade</b>	<b>Group Grade</b>	<b>Final Grade</b>
Secretary/Administrative Assistant		/50	/50	/100
Teacher/Instructor		/50	/50	/100
Visual Aid Manager		/50	/50	/100
Assessment Manager		/50	/50	/100
		/50	/50	/100

<b>Time:</b>	<b>Notes:</b>
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